

**SHEFFIELD CITY REGION MAYORAL**  
**COMBINED AUTHORITY**

**STATEMENT OF ACCOUNTS**  
**2019/20**

**For the period**  
**1 April 2019 to 31 March 2020**

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## Narrative Report by the Chief Financial Officer

### 1. INTRODUCTION

#### Purpose of the Narrative Report

The Narrative Report provides key messages on the organisational structure of the Mayoral Combined Authority (MCA), its overall strategies and objectives and how it has performed over the year in terms of achieving those objectives.

The Narrative Report also provides a summary of the MCA's financial performance and how it has secured economy, efficiency and effectiveness (value for money) in the use of its resources over the course of the 2019/20 financial year in meeting its strategic aims as a Group. Inevitably the development of the Covid-19 pandemic has had an impact. Section 4 has been included in this report to consider the impact and how it has prepared for the economic recovery in light of Covid-19.

### 2. ORGANISATION & CORPORATE OBJECTIVES

#### The Sheffield City Region Mayoral Combined Authority and MCA Group

The Sheffield City Region Mayoral Combined Authority (MCA) consists of the four 'constituent' Authorities from South Yorkshire, and five 'non-constituent' Districts from North Derbyshire and North Nottinghamshire:



The overall purpose of the Mayoral Combined Authority is to fulfil two distinct functions:

- To drive economic growth in the City Region through a public private partnership between the MCA and the private sector led Local Enterprise Partnership (LEP) through the SCR's ten-year Strategic Economic Plan (SEP); and
- To act as the Local Transport Body for South Yorkshire and be responsible for its statutory Local Transport Plan (SCR Transport Strategy).

The Mayoral Combined Authority is the legal and accountable body for all funding awarded to the LEP; primarily Local Growth Deal funding. From 1 April 2019, the MCA became the employing body for the Sheffield City Region Executive Team, a dedicated resource providing impartial advice and support to the MCA, SCR Mayor and LEP.

The SCR Mayor is a member, and chair, of the MCA and a member of the LEP. As yet, no powers have been devolved to the Mayor, although significant progress has been made, including the conclusion of the public consultation on the proposed transfer of powers, and the agreement of the MCA Board in April 2020 to submit the proposal to the Secretary of State.

## **Economic Development**

The City Region's current SEP sets out a 10-year plan for economic growth, creating new jobs and businesses covering the period 2015 to 2025. Good progress has been made towards the targets set in the 2015-25 plan, but there is more to do. A refresh of the SEP provides an opportunity to accomplish this.

The refreshed SEP was presented at the Annual General Meeting of the LEP Board on 5 March 2020, at which it was approved for public consultation. It will become the central economic strategy for the Sheffield City Region (SCR), setting out what needs to be done over the next 20 years to grow the economy and transform the lives and wellbeing of our people.

The 2040 Vision in the new SEP is that SCR will grow an economy that works for everyone. We will develop inclusive and sustainable approaches that build on our innovation strengths, embrace the UK's 4th Industrial Revolution, contribute more to UK prosperity, and enhance quality of life for all.

The overarching policy objectives are the golden thread which run through the document:

- **Growth** – Growing the economy for all.
- **Inclusion** – Ensuring that everyone has an opportunity to contribute to and benefit from economic growth.

- **Sustainability** – Driving low carbon opportunities within the economy and delivering net zero emissions.

We will focus on the following thematic priorities to deliver this SEP:

- Innovation, Enterprise and Growth;
- Skills and Employment;
- Vibrant and Resilient Places;
- Transport and Mobility;
- Digital Connectivity;
- Clean Energy; and
- Land, Housing & Built Environment.

## **Transport**

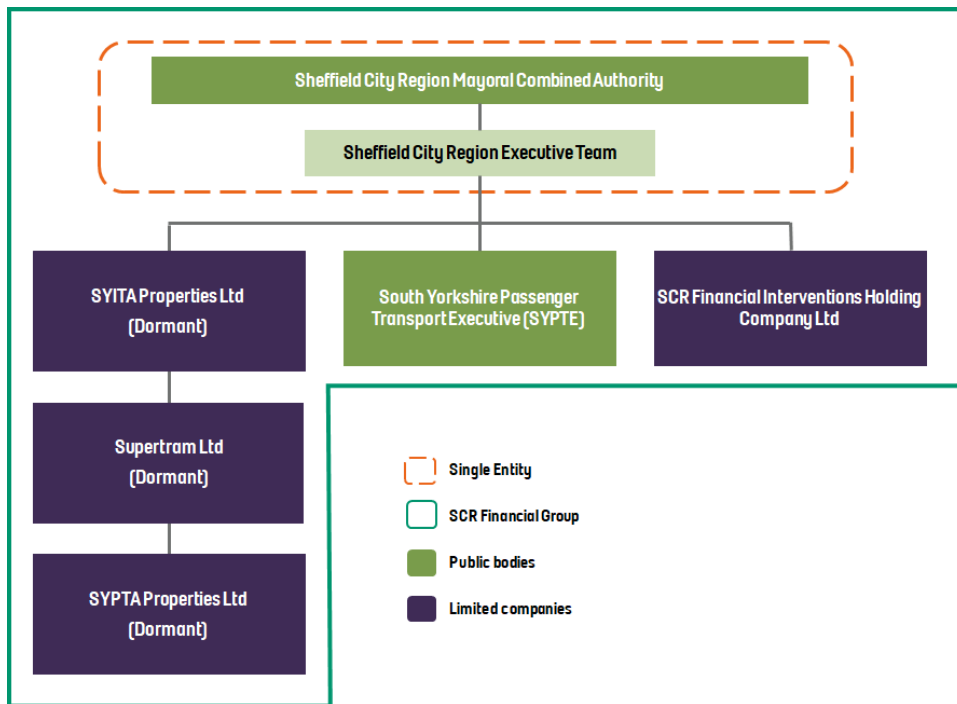
The Mayor's Vision for Transport was adopted in December 2018, which sets out the Mayor's ambition for improved journey times across the SCR along with 10 challenges and commitments in relation to the transport network.

In January 2019, the MCA approved the refreshed SCR Transport Strategy (Local Transport Plan) that was originally published in 2011 to reflect the MCA's responsibilities on transport and align our strategy with national and sub-national transport priorities, such as those of Transport for the North, including Northern Powerhouse Rail, and nationally-led initiatives such as HS2.

The SCR Transport Strategy sets out the transport priorities for our City Region up to 2040. It builds on the Mayor's Vision for Transport and has three goals which will boost economic growth by connecting residents and businesses to economic opportunity, will ensure we create a cleaner and greener SCR and that we have a safe, reliable and accessible transport network.

## **MCA Group Structure**

The MCA Group comprises the following organisations:



South Yorkshire Passenger Transport Executive (SYPTe) is responsible for the delivery of public transport services. The MCA is responsible for approving the income and expenditure estimates of the PTE and its capital programme.

The SCR Financial Interventions Holding Company is a wholly owned subsidiary of the MCA. Its purpose is to support capital investment in furtherance of Sheffield City Region’s strategic objectives as set out in its Strategic Economic Plan and draft Inclusive Industrial Strategy.

SYITA Properties Ltd is going through the final stages of liquidation. All assets and liabilities of the company were transferred to the MCA in November 2017 so the company is dormant.

### 3. KEY DEVELOPMENTS IN THE YEAR

This section highlights the key achievements and developments delivered by the MCA Group in 2019/20:

- In the last year our target of **investing £35.5m** in the region’s economy has been achieved, **£140.5m of private sector investment** attracted, **5,246 jobs** created or safeguarded, **1,282 businesses** supported, **1,834 new learners** have been assisted and **326 new homes** completed.
- **£166m** was successfully secured from **Transforming Cities Fund** to focus on improving infrastructure for the public transport, rail and active travel networks in the Sheffield City Region and complement our LGF investment in improving transport connectivity.



- Sheffield City Region's **Active Travel Commissioner**, Dame Sarah Storey, has delivered the **SCR Active Travel Implementation Plan** although formal approval was delayed until 1st June 2020. This has secured funding within Transforming Cities Fund and, at the time of writing, additional emergency funding of **£7m** allocated by Government to accelerate active travel measures as a response to Covid-19.
- **£2.2m** was invested into our **Health Led Employment Support Trial** which is assisting over 6,000 people with mental and physical health issues and disabilities into sustainable employment.
- As part of **Infrastructure Programme** work commenced on redeveloping vacant land and property into new commercial premises including the Digital Media Centre in Barnsley, building new link roads such as the DN7 Hatfield Link Road to the M18 and installing a flood alleviation scheme in the Upper Don Valley.
- The **Business Investment Fund** grants have helped indigenous and re-locating businesses to plug finance gaps which could not be met through traditional sources.
- **Growth Hub** launched several new initiatives to provide advice and practical support to business owners including the Scale-Up initiative, our Brexit Planning Tool, Access to Growth+ and Talent Bank. We are proud that our efforts resulted in the SCR Growth Hub being ranked in the top three Growth Hubs nationally and secured a prestigious pilot innovation programme with the Massachusetts Institute of Technology (MIT).
- As part of **Trade and Investment** the 'Locate in SCR' online tool was launched to provide a wealth of information to potential investors on our sites, potential workforce and opportunities to aid their decision-making. We have worked intensively with 30 foreign-owned companies through our Key Account Management (KAM) project to secure further Foreign Direct Investment into the Northern Powerhouse. We also held a successful trade mission to India to showcase the City Region's strengths in advanced manufacturing.
- Within **Skills and Employment** over 100 businesses and 1,000 individual employees and learners were developed as part of the Skills Bank 2 project within nine months of its launch. Fifty employers were also matched with 50 schools and colleges to improve careers advice and guidance for young people through our Enterprise Adviser Network (EAN) programme.
- The **Tram Train** pilot reached its first year of full service on 25 October 2019, and in doing so, has carried **1m passengers**. The pilot has a further full year to run and will then continue to operate as part of the

current wider Supertram network up to and beyond the end of the current concession in 2024.

- The major works to refurbish and repair **Rotherham Interchange** and its adjoining car park were completed, following the fire in May 2016. The majority of the Interchange re-opened for public use on 3 March 2019 with the remaining car park and platform opening on 15 July 2019.
- The **Outline Business Case** for the Supertram network replacement in 2024 was completed. Work continues to develop the full business case and secure **£430m** of funding required from Government.

#### 4. IMPACT OF COVID-19

This section has been included in the Narrative Report as it will be an important factor across all aspects of service delivery and funding of MCA activity in 2020/21 and beyond. It is broken down into seven categories to aid understanding of the impact of the pandemic on the Group and its response.

##### a) Provision of Services

The initial phase of Covid-19 and lockdown had an immediate effect on passenger numbers on public transport with passenger numbers falling by 90%. The dramatic reduction in fare box revenue threatened the continued operation of essential bus and tram services for key workers to get to their places of employment. Focus was on working with Department for Transport and utilisation of existing budgets to maintain essential services and maintain the ability to ramp up for the recovery phase. New timetabling was introduced to meet the requirements of key workers and manage resources properly. It also had an immediate effect on most businesses across the City Region. Resources were focussed on providing support to businesses and helping with navigating new funding arrangements.

Whilst this work remained a focus and resource intensive, resources were also allocated to planning for the recovery phase in terms of business, economy and the necessary transport support. The Mayor leads the **Covid-19 Economic Response Group** who are responsible for the recovery from this pandemic. A Recovery Plan has been developed with these key stakeholders together with a resource plan. This supports continued dialogue with all parts of Government on funding packages and focus of efforts. Extension of the Growth Hub Service has been implemented to assist businesses directly with support and access to finance. Specific actions have also been taken to assist tenants to continue in business. Grant funding continues to be reviewed and targeted at recovery and growth liaising closely with our key partners. However, the challenge for revenue funding support remains.

Work has escalated in the transport sector as lockdown measures are eased. Maintaining social distancing is a key challenge. For operators to maintain this on vehicles, capacity of said vehicles is reduced significantly. It is challenging to deliver sufficient capacity at peak times to meet demand and maintain 2m social distancing. Our service provision at Interchanges and bus and tram stops has required redesign to maintain public safety. Posters will be displayed at all stops, temporary barriers will be set up where required in Interchanges to manage passenger flow, and floor markings are being put down to remind passengers of the rules on 2-metre social distancing. Even with all available capacity accessible, transport systems will be under extreme pressure and a number of demand management strategies are being employed to help alleviate this. These include messages to continue to work from home where possible and only use public transport for essential journeys; stagger start and finish times to spread demand at peak times; consider alternative modes of travel such as walking or cycling; and wear face coverings where social distancing measures cannot be guaranteed.

By and large Group services have continued to be delivered and focused on the emerging challenges. Funding around transport continues to be a challenge but DfT have committed funding from 12 May for 12 weeks. Focussed funding to support the wider economic recovery continues to be a priority for the Mayor and MCA.

**b) Workforce**

As soon as it became apparent that the lockdown would come into effect, MCA put its business continuity and contingency plans into effect, resulting in the majority of staff working from home. The Head Office at Broad Street West is closed, and access to this and other sites is restricted to those classified by the Senior Management Team as Key workers.

No staff have been furloughed. However, redeployment is continuously explored to ensure we have appropriate levels of resources to continue to deliver services. Sickness levels continue to be monitored and specifically anyone reporting symptoms of Covid-19. They are currently reported to be slightly lower than pre-lockdown. It is also reassuring to know that all staff that have presented with symptoms have now recovered.

As a responsible employer, MCA is continuing to encourage working from home wherever possible. Whilst a comprehensive plan to return to Headquarters at Broad Street West, there are no immediate plans to implement that phased return. However, some of our public facing services require presence such as Interchanges. Here we continue to ensure all staff remain safe and appropriate use of personal protective

equipment (PPE), hand sanitiser and regular management contact are maintained.

**c) Supply Chains**

MCA has relatively low direct exposure to supply chain failure. The highest priority supplies at the present time are ICT hardware, PPE for frontline staff, hand sanitiser and temporary barriers for the interchanges and offices. At the time of writing this report, no unforeseen delays were noted.

However, some supply chain issues have been raised on delivery of capital schemes delivered with grant funding provided by MCA. At this moment in time it is not quantifiable but a potential risk to delivery and cost of some programmes.

**d) Reserves, Financial Performance and Financial Position**

A review of the impact of Covid-19 has been undertaken upon the SCR 2020/21 revenue budgets. Two specific new provisions have been identified and set aside in light of the pressures on MCA/LEP budget for 2020/21 because of Covid-19. £500,000 has been set aside as an income protection provision. £1.6m is expected from AMP in 2020/21 but pressure has already seen income levels fall off. It is expected that up to 25% of the income will not be delivered. The loss of tenants also brings a liability for service charges and business rates to MCA. In response to initial thinking around recovery, £400,000 has also been set aside to assist Covid-19 Recovery for a comprehensive recovery plan, capacity and some funding for business grants. Within SYPTE a major threat to the income budget of £4.1m covering park and ride charges, commercial income, property rent, departure charges and service charges has been identified. A real risk of £1.6m has been identified and a new provision has been made in the 2019/20 accounts to cover the impact in 2020/21. A provision of £300,000 was also set aside to meet potential cash flow implications for the Supertram operator.

The level of Enterprise Zone receipts may fall in 2020/21 as a result of reduced receipts by the billing authorities. However, the existing Business Rates Resilience Reserve should meet any of this shortfall. During the closure of accounts, a further review of risks surrounding transport costs was undertaken and an earmarked reserve of £3m was set aside to deal with additional pressures on expenditure that the recovery from Covid-19 may place upon SYPTE budgets. It has been allocated in a reserve rather than a provision because there were no clear plans or costs as at 31 March 2020. Risks identified include deep cleaning programme for all Interchanges, financial failure of small to medium sized bus operators, major cost increases on existing tendered bus services due to fall in patronage and potential increased demand for new tendered services as the bus market evolves post Covid-19.

**e) Cash Flow Management**

There are several challenges to all public sector institutions on cash flow during the Covid-19 pandemic and the recovery phase. A major threat is to the income sources derived by each element of the Group. This has been discussed above and appropriate financial measures have been taken in 2019/20 accounts to mitigate these risks. The next threat is major increases in costs. Whilst some have been incurred around safety, PPE and ICT, these have been minimal and again covered with sound financial provisions. Government funding interventions and emergency powers has also helped mitigate this issue for MCA. The third element is reduced funding and the impact upon programmes. At this stage only Local Growth Fund has been directly affected with the payment made to MCA reduced by 33%. This may be restored later in the year but will have an immediate impact upon the programme to be delivered from that funding.

Changes in income levels, increasing costs, reduced funding and use of balances does impact upon the level of cash held by MCA. 2020/21 revenue budgets are dependent upon significant Treasury Management income of £1.6m across the Group. This is derived by investing surplus cash in line with Treasury Management Strategy. Covid-19 has brought about two pressures on that income. First, the average overall balance to invest has been reduced from falling income, advanced payment of Government funding and some positive actions to protect LGF investments. At this stage this is not considered significant. However, the interventions of Bank of England to successively reduce base rate from 0.75% (when the budget was set) to 0.1% has led to negative gilt yields. This will impact upon the level of returns achievable from investment. Initially this has been minimal as returns in excess of 1.4% have still been achievable in the local authority market by varying the term in line with policy. It does remain a risk as investments mature later in the year and will require monitoring.

**f) Major Risks to the Authority**

Many of the major risks to MCA have already been discussed above. Cash flow and the main elements therein has been identified and so have the steps to mitigate the impact upon the ability of the organisation to operate. The pressures in 2020/21 have been minimised.

The availability and ability of our workforce to deliver services is a key factor. Working from home and social distancing measures have enabled Group to fully function. Steps taken to prolong distance working will help ensure that staff availability remains strong. Increasing staff requirement in public areas will need to continue to be monitored.

Additional financial pressures on direct operations may develop through the recovery phase. Increased concession re-imburement rates could arise but that is likely to be covered with less usage. There is a strong link. The real unknown pressure is the level of patronage on public transport in the “new normal” and the financial pressures on commercial and tendered bus services as well as Supertram.

The funding available to all local authorities in South Yorkshire is likely to fall in the current year and probably for future years. This could have an impact on the availability of resources for MCA to address recovery and the wider growth agenda, as well as the necessary public transport support for the Region. Discussions and negotiations continue with central Government on future funding.

#### **g) Plans for Recovery**

The Covid-19 crisis has precipitated social challenges and an economic recession unmatched since the Great Depression of the 1930s. South Yorkshire came into this crisis with a legacy of a structurally weak economy characterised by low pay, relatively weak infrastructure and a population with more health challenges than average. However, the economy retains significant strengths, particularly in manufacturing, materials, creative and digital industries especially in educational technology, and great outdoors and leisure assets.

Work began on a recovery plan as soon as the crisis hit. The Mayor set up and led a Covid-19 Economic Response Group which has overseen the work. To date, over a hundred people and organisations have been engaged as part of the 8-week plan development period. An advisory panel made up of experts and key opinion shapers was also constituted to inform the plan.

The draft plan, which is fully aligned with the draft Strategic Economic Plan, focuses on the key actions and interventions needed in the immediate term to bring relief to people, businesses and places, as well as the medium and longer term interventions to drive recovery and renewal and build resilience in our communities and economy.

Work continues engaging with key stakeholders and Government on all aspects of recovery and funding. Regular liaison with the Department for Transport is fundamental to maintaining essential public transport routes to enable economic activity to re-build. Work continues with Treasury to develop support packages and practical release of said funding to ensure economic recovery is maintained and the social impacts minimised in South Yorkshire.

## 5. FINANCIAL PERFORMANCE

### Summary Highlights

The MCA's current positive financial position will support its ability to meet the immediate threat of Covid-19 as well as helping the regional economy to recover from the impending recession.

The key areas of financial performance for the year were as follows:

- The net revenue spend for the year on MCA/LEP economic development activity was £675k less than budgeted for.
- The net revenue spend on South Yorkshire transport activity was £505k less than budgeted for. This reduced the planned use of earmarked reserves to support the budget from £6.1m to £5.6m.
- The LGF capital programme spend of £36.1m was 2% higher than the allocation from Central Government.
- The South Yorkshire transport capital programme spend in 2019/20 was £38.2m against a final approved programme of £43.4m. Most of the underspend represents funding received that is fully committed to schemes that will be delivered in 2020/21 and is therefore being carried forward.

### Revenue Budget

#### MCA/LEP Budget

The MCA/LEP's revenue budget comprises the operational expenditure and the income sources that fund that activity, including:

- Business Growth & Investment
- Skills Programmes
- Infrastructure & Housing Programmes
- Transport Programmes including Transforming Cities Fund
- Running LEP/MCA
- Mayoral Priorities
- Preparedness for more devolved funding

The MCA/LEP budget for the year was £15.6m, which includes both core operations (£6.5m) and revenue programmes (£9.1m). The budgeted funding of £6.5m for core operations was a mix of grant from Central Government, subscriptions and Enterprise Zone business rates growth from the constituent and non-constituent authorities within the SCR, and investment income from Treasury activity.

The spend for the year on core operations out turned at £6.8m, £0.3m higher than budget. Funding was £1.0m higher than budgeted, due principally to investment income from Treasury activity being higher than anticipated.

#### South Yorkshire Transport Budget

The South Yorkshire Transport Budget is reported separately due to the ring-fenced nature of the funding (levy via council tax from the four constituent member authorities). This budget is used to fulfil the role which the MCA inherited from the former South Yorkshire Integrated Transport Authority (SYITA), as local transport authority for South Yorkshire.

The MCA's transport budget principally comprises the revenue grant payable to SYPTE to meet its operational costs and the net debt financing costs on capital investment funded by borrowing. The overall budget for the year was £62.8m, of which £60.0m related to operational costs and £2.8m net debt financing.

The main source of funding for the South Yorkshire Transport Budget is the Transport Levy payable by the four South Yorkshire Metropolitan Authorities (Barnsley, Doncaster, Rotherham and Sheffield). The levy payable in 2019/20 was £54.4m.

To balance the budget, there was a planned use of earmarked reserves of £8.4m, £6.1m from the levy reduction reserve, £2.3m from deferred capital grants reserve). This was in line with the long-term financial plan for the South Yorkshire Transport Budget, which involves using earmarked reserves to sustain levy reductions below the base budget until the two converge around 2024/25.

The spend for the year outturned at £61.2m, partly due to net debt financing costs being £0.5m lower than budgeted as a consequence of higher than anticipated investment income on Treasury activity. Consequently only £5.6m of the levy reduction reserve has been needed to balance the outturn position.

#### Reconciliation of the Revenue Budget Outturn to the Comprehensive Income & Expenditure Account (CIES)

The Revenue Budget Outturn reports financial performance on the statutory basis on which Local Government raises finance from local taxpayers to deliver services and invest in its capital assets.

This differs from the way in which financial performance is reported in the CIES in the Statement of Accounts which is on the basis of generally accepted accounting practice (International Financial Reporting Standards).



The following table shows how the MCA's deficit on the provision of services shown in the CIES of £3,676k reconciles to the net movement in the General Fund balance of £nil.

	<b>2019/20 £'000</b>
<b>(Surplus) / Deficit on Provision of Services</b>	<b>3,676</b>
Reversal of items not chargeable against revenue budget:	
Capital grants & contributions credited to CIES	61,560
Revenue expenditure funded by capital under statute	-68,246
Amortisation of soft loans	136
Depreciation, Impairment & Revaluation losses	-1,180
Expected Credit losses & Gain on realisation of subsidiary	538
IAS 19 pension costs	-542
Items chargeable against revenue budget not included in CIES:	
Statutory provision for repayment of debt (MRP)	3,161
Transfers to/(from) earmarked reserves :	
Skills Bank	3,397
Business Rates	153
Growth Hub	-13
Mayoral Election	675
Levy reduction reserve	-5,571
PFI reserve	1,348
Mayoral Capacity Fund	908
<b>Net increase in General Fund balance</b>	<b>0</b>

### **Capital Programme**

The MCA's capital programme for the year primarily comprises:

- The Local Growth Fund (LGF) capital programme, and;
- South Yorkshire transport capital programme.

#### Local Growth Fund Programme

2019/20 is the fifth year of the SCR's six year £360m Growth Deal.

The outturn position is £36.147m. This is 102% of the in-year LGF allocation and means that for a fourth year running SCR MCA have achieved at least 100% spend of our expected allocation. We have also

utilised the remaining £5.59m of the additional £8.66m carried forward from 2017/18 (the difference having already been used in 2018/19).

### South Yorkshire Transport Programme

The South Yorkshire Transport Capital Programme spend in 2019/20 was £38.2m against a final approved programme of £43.4m.

£4.7m of the £5.2m underspend represents funding received that is fully committed to schemes that will be delivered in 2019/20 and is therefore being carried forward. The remaining £0.5m represents slippage on the BDR Pot established by the MCA on 9 March 2018. This pot is funded through prudential borrowing and is designed to support local transport interventions in Barnsley, Doncaster and Rotherham.

Key elements of the 2019/20 capital spend include:

- £14.7m on highways maintenance and pot-hole funding
- £9.5m of transport capital improvements supporting delivery of the South Yorkshire Transport Local Transport Plan
- £8.1m on SYPTE's capital programme, including Tram Train and Supertram phase 2 re-railing
- £2.0m on Transforming Cities Fund Phase 1

### **Usable Reserves**

As at 31 March 2020, the MCA group held £12.4m of reserves and general balances to support its economic development activity. This includes £6.2m of Skills Bank funding and a £1.7m LGF revenue reserve which is earmarked to support future Growth Hub activity.

It also held £36.6m of revenue reserves and general balances relating to South Yorkshire transport activity. A significant proportion of this is held in a levy reduction reserve (£19.5m) to support sustainable levy reductions over the medium to long term and in a PFI reserve (£11.2m) to meet the long-term liabilities associated with the Doncaster Interchange PFI scheme.

## **6. GOVERNANCE**

### **Mayoral Combined Authority**

The MCA is responsible for setting the policy direction for the City Region and maximising financial investment to achieve economic growth. It is also the Local Transport Authority for South Yorkshire.

The MCA makes large investment decisions on schemes and projects in line with the SCR's SEP and is the accountable body for all funding allocated to the City Region through its Growth Deal, and any devolution

and transport funding. The SCR Mayor is accountable for the devolved transport powers through the Bus Services Act.

All five constituent members of the MCA (the four South Yorkshire Leaders and the SCR Mayor) have an equal vote and decisions are made by a majority vote. The SCR Constitution allows for voting rights to be extended to non-constituent members at the discretion of the constituent members.

### **Local Enterprise Partnership**

The LEP is a voluntary business-led partnership which brings together business leaders, local politicians and other partners to promote and drive economic growth across the Sheffield City Region LEP.

It comprises fourteen representatives from the private sector and academia, the nine Local Authority Leaders, the SCR Mayor, a Trades Union representative and two co-opted specialist advisers.

The LEP is responsible for setting strategy and acts as the custodian of the Strategic Economic Plan (SEP). It bids for funding and programmes from Government and is responsible for their delivery and contribution towards realising the outcomes identified in the SEP.

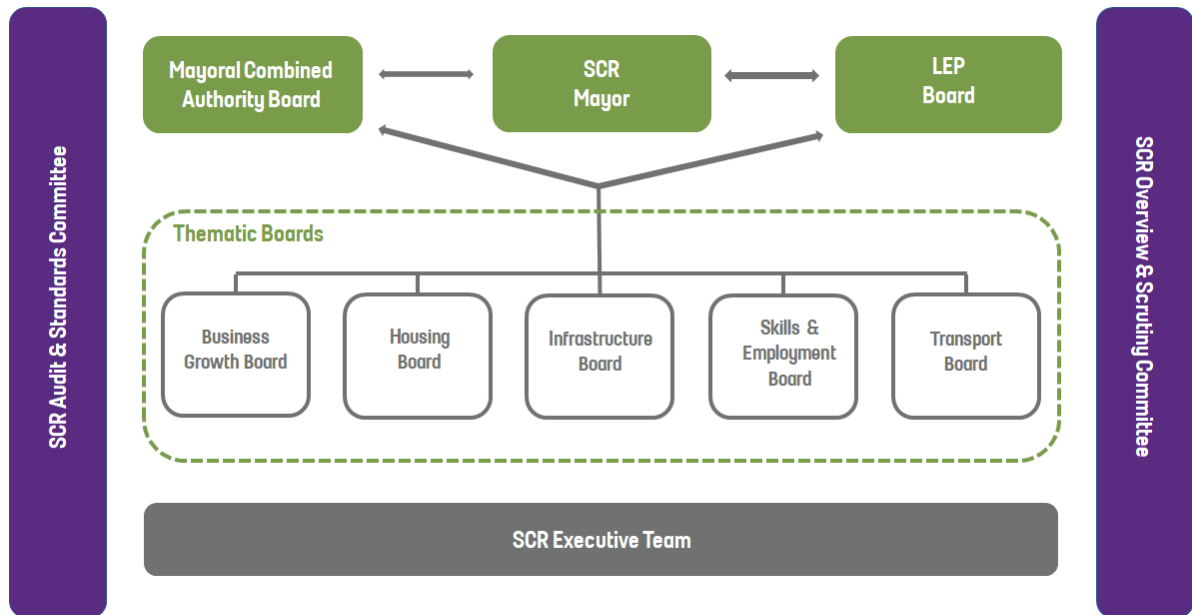
All LEP Board members (apart from co-opted members) have voting rights and decisions are taken on the basis of a simple majority.

### **Thematic Boards**

To support decision-making and delivery, the MCA and LEP are supported by five thematic Boards. The Thematic Boards are accountable to the MCA and LEP and a defined thematic portfolio: Business Growth; Housing; Infrastructure; Skills and Employment and Transport.

Within their respective themes, it is the role of Thematic Boards to shape future policy, priorities and programmes for the MCA and LEP to approve. They provide leadership review of programme performance and identify and recommend mitigations for any programme risks or poor performance. The Transport Board also provides direction for, and oversees the performance of the South Yorkshire Passenger Transport Executive (SYPTTE) in delivering public transport services.

The governance arrangements are depicted in the diagram below:



### Audit & Standards Committee

The MCA’s Audit & Standards Committee provides a high-level focus on assurance and the SCR’s arrangements for governance. The Audit Committee ensures that the organisation is fulfilling its legal obligations, has robust control measures in place and is managing risk effectively. The Committee reports on both financial and non-financial performance.

Membership of the Audit & Standards Committee is politically balanced and consists of 15 elected Councillors (or their nominated substitute) from the nine Local Authorities in the City Region and two independent members.

In addition, the MCA has an established process for internal and external audit. Internal Audit is a contracted service (Grant Thornton effective from 1 April 2020), and Ernst and Young (EY) were the appointed External Auditors (from 2018/19).

### Overview and Scrutiny Committee

The Overview and Scrutiny Committee holds the MCA, SCR Mayor and LEP to account and ensures that all aspects of decision-making are transparent, inclusive and fair. The Committee is responsible for checking that the MCA and LEP are delivering their objectives and that SCR policies, strategies and plans are made in the best interests of residents and workers in the City Region.

Membership of the Overview and Scrutiny Committee is politically balanced and consists of 14 elected Councillors (or their nominated substitute) from the nine Local Authorities in the City Region. The Overview and Scrutiny Committee has the authority to review and scrutinise a decision made or

action taken by the MCA, LEP, Thematic Boards and Sub-Boards. The Committee can, at their discretion, make recommendations for change or improvements.

### **Independent Assessment of Governance Arrangements**

The MCA's overall governance arrangements have been subject to independent assessment on an annual basis by External Audit, Internal Audit and, in relation to the Local Growth Deal, by MHCLG & BEIS.

The overall conclusion reached in their most recent assessments is set out below:

- External Audit – EY have yet to report their findings on the 2019/20 audit. In 2018/19 they concluded that the MCA had made proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.
- Internal Audit 2019/20 – The Head of Internal Audit is expected to provide his Assurance opinion to the MCA Audit & Standards Committee at its next meeting on 11 June 2020.
- MHCLG/BEIS Annual Performance Review 2019/20 – concluded that SCR MCA/LEP was ranked as good for governance arrangements, delivery and strategy impact.

## **7. OUTLOOK**

The new Strategic Economic Plan sets out a vision of how the City region wants to grow the economy and will form a basis for investment going forward.

However, the final shape of the SEP will be determined having regard to the devolved funding from Central Government, as well as the Region's Economic Recovery Plan in response to the Covid-19 crisis. Other sources of funding such as the UK Shared Prosperity Fund, the successor to the European Structural and Investment Fund (ESIF), are unclear at this time.

The Medium-Term Financial Strategy presented to the MCA Board in November 2019 set the financial envelope and the broad budgets for delivering the necessary operations to deliver on the SCR ambitions. It identified a shortfall on income in 2020/21 and 2021/22 of £685k but was broadly balanced over the rest of the period. The Board approved the recommendation that revenue reserves are used to smooth out this transition. As shown in these accounts, the level of general reserve currently sits at £1.8m. Identifying £685k of this reserve is a prudent approach that does not jeopardise the future financial security of the MCA.

Positive actions taken by MCA Board in setting aside provisions and earmarked reserves as part of the closure of 2019/20 accounts will mitigate

impact upon the budget and planned activity for 2020/21. It also provides some resource to help drive the recovery plan. The overall financial strength of MCA Group in terms of budget, financial control and reserves places it in a strong position to lead the Region over the coming years.

**Annual Governance Statement**

TO BE ADDED AFTER MCA AUDIT & STANDARDS COMMITTEE ON 11 JUNE 2020

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## Statement of Accounts

## Statement of Responsibilities

### The Mayoral Combined Authority's Responsibilities

The Mayoral Combined Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. That officer is the Group Chief Financial Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

### The Responsibilities of the Group Chief Financial Officer

The Group Chief Financial Officer is responsible for the preparation of the Mayoral Combined Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Group Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent, and
- complied with the Local Authority Code.

The Group Chief Financial Officer has also:

- kept proper accounting records, which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Mayoral Combined Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;

- used the going concern basis of accounting on the assumption that the functions of the Mayoral Combined Authority will continue in operational existence for the foreseeable future, and
- maintained such internal control as determined is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

I hereby certify that the Statement of Accounts on pages 27 - 148 gives a true and fair view of the financial position of Sheffield City Region Mayoral Combined Authority at 31 March 2020 and of its income and expenditure for the year ended 31 March 2020.

Noel ONeill  
Group Chief Financial Officer  
Section 73 Officer  
5 June 2020

## **The Core Financial Statements**

### **Movement in Reserves Statement**

This Statement shows the movement in the year on the different reserves held by the Mayoral Combined Authority, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The (Surplus)/Deficit on the Provision of Services line shows the true economic cost of providing the Mayoral Combined Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance. The net (increase)/decrease before transfers, to earmarked reserves line shows the statutory General Fund Balance before any discretionary transfers (to) or from earmarked reserves undertaken by the Mayoral Combined Authority.

## Sheffield City Region Mayoral Combined Authority – Statement of Accounts 2019/20 (First Draft)

Movement in Reserves Statement 2019/2020		General Fund Balance £000	Earmarked Revenue Reserves £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
	<b>Note</b>	30	30	30	30		31	
<b>Balances at 1 April 2019</b>		(7,657)	(40,558)	0	(4,304)	(52,519)	57,592	5,073
<b>Pension deficit b/f</b>		0	0	0	0	0	1,943	1,943
<b>Movement in reserves during 2019/20:</b>								
(Surplus) / deficit on provision of services	CIES	3,676	0	0	0	3,676	(5,417)	(1,741)
Revaluation Gains						0	370	370
Movement in Pensions Reserve						0		
<b>Total Comprehensive (Income) and Expenditure</b>		<b>3,676</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,676</b>	<b>(5,047)</b>	<b>(1,371)</b>
Adjustments between accounting basis and funding basis under regulations	13	(4,573)	0	0	(14,877)	(19,450)	19,450	0
<b>Net (increase) / decrease before transfers to earmarked reserves</b>		<b>(897)</b>	<b>0</b>	<b>0</b>	<b>(14,877)</b>	<b>(15,774)</b>	<b>14,403</b>	<b>(1,371)</b>
Transfers (to) / from earmarked reserves	14	897	(897)	0	0	0	0	0
<b>(Increase) / decrease in year</b>		<b>0</b>	<b>(897)</b>	<b>0</b>	<b>(14,877)</b>	<b>(15,774)</b>	<b>14,403</b>	<b>(1,371)</b>
<b>Balance at 31 March 2020</b>		<b>(7,657)</b>	<b>(41,455)</b>	<b>0</b>	<b>(19,181)</b>	<b>(68,293)</b>	<b>73,939</b>	<b>5,646</b>

Sheffield City Region Mayoral Combined Authority – Statement of Accounts 2019/20 (First Draft)

<b>Movement in Reserves Statement 2018/2019</b>		<b>General Fund Balance £000</b>	<b>Earmarked Revenue Reserves £000</b>	<b>Capital Grants Unapplied £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Total Usable Reserves £000</b>	<b>Unusable Reserves £000</b>	<b>Total Authority Reserves £000</b>
	<b>Note</b>	30	30	30	30		31	
<b>Balances at 1 April 2018</b>		<b>(7,139)</b>	<b>(43,683)</b>	<b>0</b>	<b>(5,453)</b>	<b>(56,275)</b>	<b>61,967</b>	<b>5,692</b>
<b>Prior Period Adjustment</b>		0	1,490	0	0	1,490	9	1,499
<b>Movement in reserves during 2018/19: (Surplus) / deficit on provision of services</b>	CIES	(2,118)	0	0	0	(2,118)	0	(2,118)
<b>Total Comprehensive (Income) and Expenditure</b>		<b>(2,118)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,118)</b>	<b>0</b>	<b>(2,118)</b>
Adjustments between accounting basis and funding basis under regulations	13	3,025	0	0	1,359	4,384	(4,384)	0
<b>Net (increase) / decrease before transfers to earmarked reserves</b>		<b>907</b>	<b>0</b>	<b>0</b>	<b>1,359</b>	<b>2,266</b>	<b>(4,384)</b>	<b>(2,118)</b>
Transfers (to) / from earmarked reserves	14	(1,425)	1,635	0	(210)	0	0	0
<b>(Increase) / decrease in year</b>		<b>(518)</b>	<b>1,635</b>	<b>0</b>	<b>1,149</b>	<b>2,266</b>	<b>(4,384)</b>	<b>(2,118)</b>
<b>Balance at 31 March 2019</b>		<b>(7,657)</b>	<b>(40,558)</b>	<b>0</b>	<b>(4,304)</b>	<b>(52,519)</b>	<b>57,592</b>	<b>5,073</b>

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**Balance Sheet**

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by the Mayoral Combined Authority. The net assets of the Mayoral Combined Authority (assets less liabilities) are matched by the reserves held by the Mayoral Combined Authority.

Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves, and any statutory limitations on their use. The second category of reserves is unusable reserves, i.e. those that the Authority is not able to use to provide services. This category includes reserves that hold unrealised gains and losses where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line ‘Adjustments between accounting basis and funding basis under regulations.

<b>As at 31 March 2019 £000</b>		<b>Notes</b>	<b>As at 31 March 2020 £000</b>
1,482	Intangible Assets	19	1,482
15,414	Property, Plant and Equipment	17	20,129
3,332	Other Fixed Assets – Investment Properties	18	2,854
16,477	Long-Term Debtors	22	20,616
60,000	Long-Term Investments	23	45,000
<b>96,705</b>	<b>Long-Term Assets</b>		<b>90,081</b>
73,772	Short-Term Investments	20	91,294
29,086	Short-Term Debtors	24	9,541
67,641	Cash and Cash Equivalents	25	71,670
<b>170,499</b>	<b>Current Assets</b>		<b>172,505</b>
(1,354)	Short-Term Borrowing	26	(660)
(59,927)	Short-Term Creditors	27	(93,439)
(1,460)	Short-Term Provisions	28	(2,144)
(15,669)	Capital Grants Receipts In Advance	38	(13,920)
<b>(78,410)</b>	<b>Current Liabilities</b>		<b>(110,163)</b>
(25,000)	Long-Term Borrowing	20	(25,000)
0	Pension Liability		(2,855)
(168,867)	Other Long-Term Liabilities	29	(130,214)
<b>(193,867)</b>	<b>Long-Term Liabilities</b>		<b>(158,069)</b>
<b>(5,073)</b>	<b>Net Assets / (Liabilities)</b>		<b>(5,646)</b>
(52,519)	Usable Reserves	30	(68,293)
57,592	Unusable Reserves	31	73,939
<b>5,073</b>	<b>Total Reserves</b>		<b>5,646</b>



The unaudited Statement of Accounts for the Sheffield City Region Mayoral Combined Authority was approved and authorised for issue by the Group Chief Financial Officer, in accordance with the Accounts and Audit (England) Regulations 2015 on 5 June 2020.

<b>Cash Flow Statement</b>
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The Cash Flow statement shows the changes in cash and cash equivalents of the Mayoral Combined Authority during the reporting period. The Statement shows how the Mayoral Combined Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income, or from the recipients of services provided by the Mayoral Combined Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Mayoral Combined Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Mayoral Combined Authority.

2018/19 £000		Notes	2019/20 £000
2,118	Net surplus or (deficit) on the provision of services		(3,676)
14,856	Adjustment to surplus or (deficit) on the provision of services for non-cash movements	32	(710)
(17,194)	Adjustment for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	32	(9,304)
<b>(220)</b>	<b>Net cash outflow from operating activities</b>		<b>(13,690)</b>
67,572	Investing activities	33	17,719
(27,558)	Financing activities	34	0
<b>39,794</b>	<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>4,029</b>
27,847	Cash and cash equivalents at 1 April	25	67,641
<b>67,641</b>	<b>Cash and cash equivalents at 31 March</b>	25	<b>71,670</b>

**Notes to the Core Financial Statements**

The following notes contain further information to that presented in the main statements. They provide narrative descriptions, disaggregation of items presented in the statements and information about items that do not qualify for recognition in the Statements.

**1. Expenditure and Funding Analysis Note (EFA)**

The Expenditure and Funding Analysis (EFA) note shows how annual expenditure is used and funded from resources (government grants; rents) by the Authority in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Authority’s portfolios. Income and expenditure, accounted for under generally accepted accounting practices, is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

2018/19			Notes	2019/20		
Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000		Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000
2,815	11,873	14,688	Transport Authority	4,295	5,504	9,799
(1,697)	3,519	1,822	Local Enterprise Partnership	(5,192)	6,559	1,367
<b>1,118</b>	<b>15,392</b>	<b>16,510</b>	<b>Net Cost of Services</b>	<b>(897)</b>	<b>12,063</b>	<b>11,166</b>
(211)	(18,417)	(18,628)	Other Income & Expenditure	0	(7,490)	(7,490)
<b>907</b>	<b>(3,025)</b>	<b>(2,118)</b>	<b>(Surplus) / Deficit</b>	<b>(897)</b>	<b>4,573</b>	<b>3,676</b>
(49,333)			Opening General Fund Balance	(48,215)		
0			Transferred in from subsidiary	0		
907			Surplus / Deficit on General Fund Balance in year	(897)		
211			Other Movement	0		
<b>(48,215)</b>			<b>Closing General Fund Balance at 31 March</b>	<b>(49,112)</b>		

## 2. Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis:

2019/20				
Adjustments from General Fund to arrive at the CIES Amounts	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustment £000	Other Differences £000	Total Adjustments £000
Transport Authority	4,473	0	1,031	5,504
Local Enterprise Partnership	4,073	542	1,944	6,559
<b>Net Cost of Services</b>	<b>8,546</b>	<b>542</b>	<b>2,975</b>	<b>12,063</b>
Other income & expenditure from the Expenditure & Funding Analysis	(5,021)	0	(2,469)	(7,490)
<b>Difference between General Fund Surplus / Deficit and CIES Surplus / Deficit on Provision of Services</b>	<b>3,525</b>	<b>542</b>	<b>506</b>	<b>4,573</b>

2018/19				
Adjustments from General Fund to arrive at the CIES Amounts	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustment £000	Other Differences £000	Total Adjustments £000
Transport Authority	10,822	0	1,051	11,873
Local Enterprise Partnership	324	0	3,195	3,519
<b>Net Cost of Services</b>	<b>11,146</b>	<b>0</b>	<b>4,246</b>	<b>15,392</b>
Other income & expenditure from the Expenditure & Funding Analysis	(16,984)	0	(1,433)	(18,417)
<b>Difference between General Fund Surplus / Deficit and CIES Surplus / Deficit on Provision of Services</b>	<b>(5,839)</b>	<b>0</b>	<b>2,814</b>	<b>(3,025)</b>

**Adjustments for Capital Purposes** - The statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from income and expenditure as these are not chargeable under generally accepted accounting practices.

**Net Change for the Pensions Adjustments** - The Mayoral Combined Authority has become employable body since 1 April 2019, so the pension adjustment is shown first time relating to IAS 19 Employee Benefits pension related expenditure and income.

**Other Differences** - Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For services - adjusted for interest payable/receivable which is added to the Financing and Investment income and expenditure line under other income & expenditure.
- For Financing and investment income and expenditure the other differences column included soft loans to Rotherham and Barnsley.

- Taxation and non-specific grant income and expenditure – Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year.

### 3. Expenditure and Income Analysed by Nature

The Authority's expenditure and income is analysed as follows:

2018/19 Restated £000		2019/20 £000
	<b>Expenditure:</b>	
3,942	Employee Benefits Expenditure	5,138
144,192	Other Service Expenses	139,036
1,534	Support Service Recharges	2,133
1,388	Interest Payments	1,448
<b>151,056</b>	<b>Total Expenditure</b>	<b>147,755</b>
	<b>Income:</b>	
(1,880)	Fees, charges & other service income	(2,378)
(4,685)	Interest Investment Income	(5,401)
(146,609)	Government Grants & Contributions	(136,300)
<b>(153,174)</b>	<b>Total Income</b>	<b>(144,079)</b>
<b>(2,118)</b>	<b>(Surplus) / Deficit on the Provision of Services</b>	<b>3,676</b>

Reconciliation of Income analysed by nature to Comprehensive Income and Expenditure Statement

	£000
<b>Income as analysed by nature</b>	<b>(144,079)</b>
Interest and Investment Income	5,401
<b>Income as part of (Surplus) / Deficit on Continuing Operations in the CIES</b>	<b>(138,678)</b>

**4. Segmental Income**

Income received on a segmental basis is analysed below:

<b>2019/20</b>				
<b>Services:</b>	<b>£000 Fees, Charges &amp; Service</b>	<b>£000 Interest &amp; Investment</b>	<b>£000 Grants &amp; Contributions</b>	<b>£000 Total Income</b>
Transport Authority	0	0	(84,326)	(84,326)
Local Enterprise Partnership	(2,378)	0	(46,953)	(49,331)
Corporate	(538)	(4,862)	(5,021)	(10,421)
<b>Total Income</b>	<b>(2,916)</b>	<b>(4,862)</b>	<b>(136,300)</b>	<b>(144,078)</b>

<b>2018/19</b>				
<b>Services:</b>	<b>£000 Fees, Charges &amp; Service</b>	<b>£000 Interest &amp; Investment</b>	<b>£000 Grants &amp; Contributions</b>	<b>£000 Total Income</b>
Transport Authority	0	0	(83,118)	(83,118)
Local Enterprise Partnership	(1,670)	0	(46,507)	(48,176)
Corporate	(211)	(4,685)	(16,984)	(21,880)
<b>Total Income</b>	<b>(1,881)</b>	<b>(4,685)</b>	<b>(146,609)</b>	<b>(153,174)</b>

The MCA does not internally report on the assets and liabilities of individual segments. Therefore, segmental analysis is not required to be disclosed.

## **5. Accounting Policies**

### **I. General Policies**

The Statements summarise the transactions of the Authority, for the 2019/20 financial year and its position at the year end of 31 March 2020. The Authority is required to prepare an annual Statement of Accounts in accordance with the Accounts and Audit Regulations 2015. These regulations require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA Code of Practice on Local Authority accounting in the United Kingdom 2019/20 (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 7 of the 2015 Regulations.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounts are prepared on the basis that the Authority is a going concern.

Accounting policies have been selected and applied consistently for all material items in the Statement of Accounts.

In 2019/20, the Authority became an employing body. As a consequence, it has now adopted accounting for retirement benefits in accordance with IAS 19 for the first time. Accounting Policy (XVIII) has been updated accordingly.

### **II. Accruals of Income and Expenditure**

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from exchange transactions is recognised when goods or services are transferred to the recipient in accordance with the performance obligations in the contract. It is recognised at an amount that reflects the consideration that the Authority expects to receive in a way that reflects the pattern in which goods or services are transferred/performance obligations are discharged.
- Expenses in relation to services received are recorded as expenditure when the services are received, rather than when payments are made.
- Interest payable on borrowings and receivables on investments is accounted for respectively as expenditure and income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, an impairment loss allowance is made to write down the debtor balance and charge revenue for the income that might not be collected.

### **III. Acquisitions and Discontinued Operations**

The Authority has not acquired or had any operations transferred to it from another public sector body during the year.

Similarly, the Authority has not discontinued any operations or transferred any to another public sector body during the year.

### **IV. Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments which offer instant access and are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents are shown net of bank overdrafts.

### **V. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effects of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

There have been no changes to accounting policy or material errors requiring restatement by Prior Period Adjustment.

### **VI. Events After the Reporting Period**

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period, and the date the Statement of Accounts is authorised for issue.

There are three types of event:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts are adjusted to reflect such events where material.
- Those that are indicative of conditions that arose after the reporting period – the Financial Statements are not adjusted to reflect such events, but where a category



of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Financial Statements.

## **VII. Financial Instruments**

Financial assets and liabilities are recognised when the Authority becomes a party to a contractual relationship. This may be the date that a contract is entered into but maybe later if there are conditions that need to be satisfied.

Financial instruments are measured on the basis of fair value adjusted for transaction costs that are directly attributable to the acquisition or issue of a financial asset or liability.

The exception to this is financial assets and liabilities measured at fair value through profit or loss. These are measured on recognition at fair value but no adjustment is made for transaction costs. Any costs incurred are debited directly to the Surplus or Deficit on the Provision of Services.

Interest is debited and credited to the Surplus or Deficit on the Provision of Services according to an instrument's outstanding amortised cost and effective interest rate, rather than the actual interest rate payable for the year.

For instruments carried at fair value, valuation gains and losses are posted either to the Surplus or Deficit on the Provision of Services or to the Financial Instruments Revaluation Reserve.

### **Financial Assets**

Financial assets are classified into the following categories:

- Amortised cost
- Fair Value through other comprehensive income
- Fair Value through profit & loss

Financial investments in subsidiaries, associates and joint ventures that are not held for sale are carried at cost less any allowance for impairment losses.

Financial asset classification is assessed by reference to the contractual cash flow characteristics of the financial asset and by the overarching investment strategy for managing financial assets under which the instrument has been acquired or originated.

The value of financial assets at amortised cost are determined using the effective interest rate. This is the rate of interest that will discount all the cash flows that will take place throughout the expected life of a financial instrument down to the fair value of the liability calculated at initial measurement.

Financial assets are impaired where there is a risk that there will be credit losses over an instrument's lifetime (i.e. there is a risk that principal or interest amounts will not be

paid when they fall due). Allowance for losses is determined using the expected credit loss model. As prescribed by the Code no allowance for expected credit losses is made where the counterparty is Central Government or a Local Authority.

Where soft loans are made at less than market rates, the value of the loan is discounted using the market interest rate on initial recognition and the reduction in value debited to the Surplus or Deficit on the Provision of Services. Interest is credited to Surplus or Deficit on the Provision of Services at the higher effective rate of interest rather than the actual rate. Amounts debited or credited as a result of soft loan accounting adjustments are reversed out through Movement in Reserves to the Financial Instruments Adjustment Account as required by statutory provision.

## **Financial Liabilities**

Financial liabilities are carried at amortised except for where exceptionally they are carried at fair value through profit and loss.

Financial liabilities at amortised cost are determined using the effective interest rate. This is the rate of interest that discounts all the cash flows that will take place throughout the expected life of a financial instrument down to the fair value of the liability calculated at initial measurement. The effective interest rate takes account of any premium paid for the right to enter into a loan at less than market rates or where a period of lower than market interest rates is granted and compensated for by a period of higher than market rates.

Where premiums and discounts are charged/credited to the Comprehensive Income and Expenditure Statement in year as a result of the early repayment of a loan, regulations allow the impact on the General Fund Balance to be spread over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account through the Movement in Reserves Statement.

However, where a re-purchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

## **VIII. Government Grants and Other Contributions**

Whether paid on account, by instalments, or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution, are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor. Monies advanced as grants and contributions for which conditions have not been satisfied are carried on the Balance Sheet as liabilities (grant received in advance). When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

When capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account through the Movement in Reserves once they have been applied to fund capital expenditure.

Where the Authority awards a grant to a third party, the grant expenditure is recognised as payable when the Authority has reasonable assurance that:

- the grant recipient will comply with the conditions attached to the payments, and
- the grants or contributions will be paid.

The treatment of capital grants awarded to third parties is explained further in Accounting Policy XIV.

## **IX. Leases**

Leases are classified as finance leases, where the terms of the lease substantially transfer all risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

### **Operating Leases**

#### **The Authority as Lessee**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense to the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent free period at the commencement of the lease).

## **The Authority as Lessor**

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained on the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

## **X. Overheads and Support Services**

Costs of overheads and support services are charged to service segments in accordance with the Authority's arrangements for accountability and financial performance.

## **XI. Provisions, Contingent Liabilities and Contingent Assets**

### **Provisions**

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that obligation arises, and is measured at the best estimate of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. Payments are charged against the provision.

Best estimates are kept under review and adjusted where fresh evidence comes to light.

Increases or decreases to provisions are charged/credited as above to the relevant service line.

Provisions are reversed out where it becomes less than probable that a transfer of economic benefits will take place and credited back to the Comprehensive Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the obligation is settled.

### **Contingent Liabilities**

A contingent liability arises where an event has taken place that may give rise to a possible obligation whose existence will only be confirmed by the occurrence, or

otherwise, of uncertain future events that are not wholly within the control of the Authority.

Exceptionally, Contingent Liabilities may also arise in circumstances where a provision would otherwise be made but the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the Accounts.

### **Contingent Assets**

A contingent asset arises where an event has taken place that provides a possible asset due to an inflow of economic benefits or service potential, whose existence will only be confirmed by the occurrence or otherwise of uncertain events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the Accounts.

## **XII. Charges to Revenue for the Repayment of Debt**

The Authority is required to set aside from revenue each year a minimum amount to reduce its overall borrowing requirement. This sum is referred to as the Minimum Revenue Provision (MRP).

The Authority's MRP policy (as set out in its Annual Treasury Management Strategy) adopts the principles of statutory MRP Guidance and provides for MRP on capital expenditure incurred after 1 April 2008 using the asset-life approach, so that the profile of charges to revenue is commensurate with the period over which economic benefit is provided by the assets created/improved.

All expenditure incurred before 1 April 2008 is provided for on a flat line basis spread over 50 years representing an approximation of asset life and the funding profile which supports those provisions.

## **XIII. Reserves**

Specific amounts are set aside as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts from the General Fund. When the expenditure to be financed from a reserve is incurred, it is charged to the relevant service line in the Comprehensive Income and Expenditure Statement and financed by an appropriation from reserves.

Reserves are categorised as either usable or unusable. Further detail on the nature of these reserves is contained in Notes 30 and 31.

## **XIV. Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions that does not result in the creation of a non-current asset is charged as

expenditure in the year to the relevant service in the Comprehensive Income and Expenditure Statement.

The charge is reversed out through the Movement in Reserves so that there is no impact on the revenue finances of the Authority.

Grant income used to finance such expenditure is credited to the relevant service in the Comprehensive Income and Expenditure Statement.

It too is reversed out through the Movement in Reserves so that there is no impact on the revenue finances of the Authority.

## **XV. Value Added Tax (VAT)**

VAT is excluded from both income and expenditure to the extent it can be recovered.

Irrecoverable input VAT is charged as an expense.

## **XVI. Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the assets in its highest and best use.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that the Mayoral Combined Authority can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 – unobservable inputs for the asset.

The categories of asset and liability carried in the Authority's balance sheet at Fair Value include:

- Operational Property, Plant & Equipment
- Surplus assets and Assets Held for Resale
- Investment Properties
- Financial Assets and Liabilities

Further detail on the bases used to determine Fair Value is contained in the relevant Accounting Policy Note.

## **XVII. Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

### **Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority, and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential, (i.e. repairs and maintenance) is charged as an expense when it is incurred.

### **Measurement**

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Borrowing costs are capitalised where significant for capital projects that take a substantial period of time to get ready for intended use, until the construction is complete.

The cost of assets acquired, other than by purchase, is deemed to be its fair value, unless the acquisition does not have commercial substance. In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. When gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried on the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included on the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains are credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

## **Impairment**



Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. Assets Under Construction).

Depreciation is calculated on a straight line basis, over the useful life of the asset following the year of construction or acquisition, determined as follows:

- Buildings are based upon individual asset lives, which are reassessed as part of the rolling programme of revaluations.
- Fixtures and Fittings are depreciated over a maximum period of 10 years.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately where they have significantly different useful lives. Components are also recognised where capital investment for replacement or enhancement of the asset establishes a material component.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

## **Disposals and Non-Current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is

reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the (Surplus)/Deficit on Provision of Services.

Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset on the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Capital receipts are credited to the Capital Receipts Reserve, and can then only be used to finance new capital investment or set aside to reduce the underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written off value of disposals is not a charge against revenue, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## **XVIII. Employee Benefits**

With effect from 1 April 2019, the Authority became an employing body and is now responsible for its own payroll. As a consequence, IAS 19 “Employee Benefits” has been fully adopted, by including, for the first time, the requirements relating to Post Employment Benefits

### **Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid

sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Authority.

### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. They are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are made to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

### **Post-Employment Benefits**

On 1 April 2019, the Authority became an employing authority within the South Yorkshire Local Government Pension Scheme administered by South Yorkshire Pensions Authority.

The Local Government Pension Scheme provide defined benefits to members (retirement lump sums and pensions), earned as employees whilst working for the Authority.

As a defined benefit scheme:

- The liabilities of the South Yorkshire Pension Scheme attributable to the Authority are included in the balance sheet on an actuarial basis using the projected unit method.
- Liabilities are discounted to their current using a discount rate determined by the Actuary.
- The assets of the South Yorkshire Pension Scheme attributable to the Authority are included in the Balance Sheet at their fair value.

The change in the net pension liability is analysed into the following components:

- Current Service Cost – the increase in liabilities as a result of benefits earned in the year.
- Past Service Cost – increase in liabilities as a consequence of amendment or curtailment of the Pension Scheme whose affect relates to benefits earned in previous years.
- Net pension interest cost.

Statutory provisions require the General Fund to be charged with the amount payable to the South Yorkshire Pension Scheme not the IAS 19 costs. Accordingly, the difference between the two is reversed out through the Movement in Reserves Statement and taken to a pensions reserve.

Actuarial gains and losses that arise because events have not coincided with the assumptions made by the actuary do not affect the Surplus or Deficit on provision of Services in the CIES but are taken to the pensions reserve through Other Comprehensive Income & Expenditure.

Superannuation Fund Accounts are available from the South Yorkshire Pensions Authority, PO Box 18, Regent Street, Barnsley, S70 2HG.

## **XIX. Investment Property**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost and subsequently at fair value based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Investment Properties are not depreciated but their value is reviewed annually and revalued where necessary according to market conditions at the year end.

Returns earned on investment properties net of operating expenditure are credited to Financing and Investment Income in the CIES.

Gains and losses on revaluation are similarly posted to the Financing and Investment Income and Expenditure, as are gains and losses on disposal.

Revaluation and gains and losses and those arising from disposal are not permitted to be charged or credited to the General Fund Balance under statute. Such gains and losses are therefore reversed out of the General Fund Balance through the Movement in Reserves Statement to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

## **XX. National Non-Domestic Rates**

The Authority receives the growth in business rates income from businesses within Enterprise Zones. All such Business Rates is collected by the billing authority who retain 100% of such income which is then paid over to the Authority to fund its economic development activities.

The income is recognised by the Authority in accordance with Collection Fund accounting rules. Namely, income is recognised in year based on the business rates estimates submitted by the billing authorities to MHCLG before the start of the financial year in their NNDR 1. The surplus or deficit arising against the estimate is recognised in the following year once the NNDR 3 outturn has been submitted by billing authorities to MHCLG.

## XXI. Interests in Companies and Other Entities

The Authority has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In 2019/20 the MCA group comprised the following active entities:

- The Authority as the ultimate controlling entity.
- SYPTE which is controlled by the Authority by virtue of its statutory relationship.
- SYITA Properties Limited – a dormant company, the investment in which was realised by the Authority in 2019/20.
- SCR Financial Interventions Holding Company Limited – a non- trading company involved in financial management to further the Authority’s strategic objectives.

### **6. Accounting Standards that have been issued but have not yet been adopted**

#### Lease Accounting IFRS 16

IFRS16 introduces major changes for Lessees. Hitherto, Lessees have only recognised a leased asset on the balance sheet where substantially all the risks and rewards of ownership are transferred to the Lessee. However, the new lease accounting rules under IFRS 16, will require a Lessee to recognise a right of use of an underlying asset for the period of the lease term for all leases other than those which are short term or of low value. The original timetable for introducing this change was from 1 April 2020. However, the implementation date has now been deferred by a further year to 1 April 2021 to bring adoption in Local Government into line with Central Government departments.

#### Other Accounting Standards

The following Accounting Standards have been issued but not yet adopted by the 2019/20 Code;

- Amendments to IAS 28 Investments in Associates and Joint Ventures  
Long Term Interests
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19 Employee Benefits : Plan Amendment, Curtailment or Settlement

None of the new Accounting Standards are considered likely to impact significantly on the Authority’s Statement of Accounts.

## **7. Critical Judgements in Applying Accounting Policies**

In order to harmonise the interpretation of accounting policies across the Group, the estimation technique for charging depreciation has been brought into line with that of SYPTTE by charging a full year's depreciation in the year in which an asset is first acquired or brought into use. The effect of this has been to increase the depreciation charge for the year by £246,000

## **8. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future that are otherwise uncertain. This is particularly pertinent in the current COVID 19 emergency.

However, it is important to note that the value of assets and liabilities at the balance sheet date reflect the conditions pertaining at the reporting date of 31 March. Subsequent events, which impact on the value of assets and liabilities after this date give rise to non adjusting Post Balance Sheet Events as explained in Note 10 below.

As illustrated in the table below, the main sources of estimation uncertainty are considered to be the value at which Property, Plant & Equipment and Investment Properties are carried in the balance sheet and the Authority's share of the assets and liabilities of the South Yorkshire Pension scheme.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Plant Property and Equipment</p> <p>Investment Property</p>	<p>Assets at Market Value are valued by a professionally qualified valuer at the prevailing market rate at the date of valuation.</p> <p>Property, Plant and Equipment is depreciated over useful economic lives that are dependent on assumptions made by the Authority and its Valuers.</p> <p>The valuer has stated that the valuations provided at the end of 2019/20 are subject to a higher degree of uncertainty than would normally be the case due to the potential impact of the COVID 19 emergency on the real estate market. However, at this stage, there is no evidence to justify a change in the values as reported in the balance sheet</p>	<p>A change in either the Market Value or assumed asset lives will impact on their carrying value in the balance sheet.</p> <p>It will not, however, have an impact on the Authority's finances due to the way in which Local Government is financed.</p>
<p>Pensions Liability</p>	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of Actuaries (Mercer Ltd) is engaged to provide the Authority with expert advice about the assumptions applied.</p> <p>The actuarial estimates provided for the 2019/20 accounts reflect the market falls in equity markets as a consequence of COVID 19 and rise in corporate bond yields due to falls in the value of corporate bonds. The rise in corporate bond yields has increased the discount rate used to determine the current value of pension liabilities to 2.3%.</p>	<p>The sensitivity analysis shown in the Pensions Note (Note 41) shows that small changes to key actuarial assumptions can have a significant impact on the net pensions liability.</p> <p>However, as explained in Accounting Policy XVIII, the amount chargeable to the General Fund is determined by Local Government Pension Regulations not IAS 19 pension costs which provides certainty on the amount chargeable following each triennial valuation.</p>

As with all public sector bodies, the Authority faces significant uncertainty about the future levels of Government and stakeholder funding in respect of both its transport and economic development functions. However, these challenges are being managed through robust financial planning and management processes and by building in

sufficient financial resilience to ensure the Group’s sustainability in the medium to longer term.

## **9. Prior Period Adjustments**

None.

## **10. Events After the Reporting Date**

The unaudited Statement of Accounts was authorised for issue by the Group Chief Financial Officer (Section 73 Officer) on 5 June 2020. Events taking place after this date are not reflected in the Financial Statements or Notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information.

## **11. Material Items of Income and Expense**

Included in the cost of continuing services in the CIES were capital grants awarded to third parties to support the Authority’s transport and economic regeneration objectives amounting to £68.246m. As explained in Accounting Policy XIV on Revenue Expenditure Funded by Capital Under statute, this expenditure is presented within continuing services in the CIES in accordance with accounting standards but statutory provisions within Local Government Finance enable this expenditure to be funded from capital. Accordingly, it is reversed out through Movement in Reserves so that it does not fall as a charge on the General Fund.

Similarly, a Government Grant of £56.039m received towards capital grant expenditure has been shown as income within continuing services. In addition a further £5.020m of Government Grant Income used to finance capital investment not shown under the cost of continuing services is shown under Taxation & Non Specific Grant Income in the CIES. Both the £56.039m and £5.020m are reversed out from the General Fund through Movement in Reserves.

The Authority received £54.365m of Transport Levy in 2019/20 from its constituent Local Authority members. This has been used to provide Revenue Grant of £57.347 to SYPTE to fund its operational budget for the year and to meet the Authority’s costs incurred in delivering its transport functions.

The Authority also received £3.023m of EZ (Enterprise Zone) business rates income and LEP Subscriptions of £1.204m from partner Local Authorities in order to fund the Authority’s economic regeneration functions.

Further detail on the amount of income provided by each Partner Authority is disclosed in the Related Party disclosure (Note 39).

Finally, the Authority realised a gain of £1.499m from the voluntary liquidation of the investment in its subsidiary, SYITA Properties Limited. This gain is shown under Financing and Investment Income and Expenditure within the CIES.



## 12. Acquired and Discontinued Operations

There were no acquired or discontinued operations during 2019-20.

However, as a consequence of the Authority becoming an employing body with effect from 1 April 2019, for accounts purposes it has been estimated that the Authority has inherited a pensions liability of £1.943m at this date. For Funding purposes the Actuary has confirmed that the Authority was fully funded at 31 March 2019 and has no liability in determining the actual contributions payable to the Pensions Authority over the 3 year period commencing 2020/21. The recognition of the initial pensions liability is disclosed as a Business Combination within the pension disclosure in Note 41.

## 13. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments, shown in the Movement in Reserves Statement, that are made to the total Comprehensive Income and Expenditure recognised by the Mayoral Combined Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Mayoral Combined Authority to meet future capital and revenue expenditure.

2019/20					
	General Fund Balance £000	Capital Receipt Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
<b>Reversal of items debited or credited to the CIES:</b>					
Capital grants and contributions credited to the CIES – taxation and non- specific grants	5,021	0	5,021	(5,021)	0
Capital grants & contributions credited to CIES -REFCUS	56,539	0	56,539	(56,539)	0
Use of Capital Receipt Reserves to fund Capital expenditure	0	(14,877)	(14,877)	14,877	0
Revenue expenditure funded from capital under statute	(68,246)	0	(68,246)	68,246	0
Depreciation	(628)	0	(628)	628	0
Impairment/Expected Credit Losses	(14)	0	(14)	14	0
Employers contribution to Pension Schemes	(542)		(542)	542	
Direct Revenue Financing	0	0	0	0	0
Amount by which finance costs calculated in accordance with the code are different from the amount of finance costs calculated in accordance with statutory requirements	136	0	136	(136)	0
<b>Insertion of items not debited or credited to the CIES:</b>					
Statutory provision for repayment of debt (MRP)	3,161	0	3,161	(3,161)	0
<b>Total</b>	<b>(4,573)</b>	<b>(14,877)</b>	<b>(19,450)</b>	<b>19,450</b>	<b>0</b>

2018/19					
	General Fund Balance £000	Capital Receipt Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
<b>Reversal of items debited or credited to the CIES:</b>					
Capital grants and contributions credited to the CIES – taxation and non- specific grants	16,984	0	16,984	(16,984)	0
Capital grants & contributions credited to CIES -REFCUS	52,056	0	52,056	(52,056)	0
Use of Capital Receipt Reserves to fund Capital expenditure	0	1,359	1,359	(1,359)	0
Revenue expenditure funded from capital under statute	(66,890)	0	(66,890)	66,890	0
Depreciation	(322)	0	(322)	322	0
Impairment/Expected Credit Losses	(2,372)	0	(2,372)	2,372	0
Direct Revenue Financing	544	0	544	(544)	0
Amount by which finance costs calculated in accordance with the code are different from the amount of finance costs calculated in accordance with statutory requirements	(120)	0	(120)	120	0
<b>Insertion of items not debited or credited to the CIES:</b>					
Statutory provision for repayment of debt (MRP)	3,145	0	3,145	(3,145)	0
<b>Total</b>	<b>3,025</b>	<b>1,359</b>	<b>4,384</b>	<b>(4,384)</b>	<b>0</b>

## 14. Transfers (To)/From Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure during the year.

	Note	31 March 2018 £000	Transfers Out 2018/19 £000	Transfer in 2018/19 £000	Total Movements £000	31 March 2019 £000	Transfers Out 2019/20 £000	Transfer in 2019/20 £000	Total Movements £000	31 March 2020 £000
<b>General Fund:</b>										
<i>Revenue Grants and Contributions:</i>										
- Transport for the North	30	0	0	0	0	0	0	0	0	0
- Apprenticeship Grant for Employers	30	(107)	0	0	0	(107)	0	0	0	(107)
<i>Other Earmarked Revenue Reserves:</i>										
- PFI Revenue Reserve	30	(8,375)	0	(1,435)	(1,435)	(9,810)	0	(1,348)	(1,348)	(11,158)
- Local Growth Fund	30	(2,448)	793	0	793	(1,655)	13	0	13	(1,642)
- Mayoral Elections	30	(1,355)	1,122	0	1,122	(233)	0	(675)	(675)	(908)
Other Reserves	30	(360)	360	(29)	331	(28)	0	0	0	(28)
Properties Reserves	30	16	0	(16)	(16)	0	0	0	0	0
Mayoral Capacity Fund Reserves					0	0	0	(908)	(908)	(908)
Business Rate Reserves		0	0	(844)	(844)	(844)	0	(153)	(153)	(997)
Skills Bank Reserves		0	0	(1,680)	(1,680)	(1,680)	0	(3,397)	(3,397)	(5,077)
Skills Bank2		0	0	(1,110)	(1,110)	(1,110)	0	0	0	(1,110)
- Levy Reduction Reserve	30	(29,564)	4,473	0	4,473	(25,091)	5,571	0	5,571	(19,520)
<b>Total</b>		<b>(42,194)</b>	<b>6,748</b>	<b>(5,114)</b>	<b>1,635</b>	<b>(40,558)</b>	<b>5,584</b>	<b>(6,481)</b>	<b>(897)</b>	<b>(41,455)</b>

## 15. Financing and Investment Income and Expenditure

The following table provides a breakdown of Financing and Investment Income and Expenditure.

Interest payable relates to the £25m of loans held by the Mayoral Combined Authority at an average 5.5% interest rate.

31 March 2019 £000		Note	31 March 2020 £000
1,619	Interest Payable and similar charges		1,388
(2,723)	Interest receivable and similar income		(3,612)
0	Pension interest cost and expected return on pensions assets		60
(106)	(Surplus) or deficit of trading undertakings	35	(380)
(223)	Property Management – Investment income	18	75
<b>(1,433)</b>	<b>Total</b>		<b>(2,469)</b>

## 16. Taxation and Non Specific Grant Income

The following table provides a breakdown of Taxation and Non Specific Grant Income:

31 March 2019 £000		31 March 2020 £000
	<b>Non-ring-fenced government grants:</b>	
(16,984)	Capital Grants and Contributions	(5,021)
<b>(16,984)</b>	<b>Total</b>	<b>(5,021)</b>

**17. Property, Plant and Equipment (PPE)**

Movements on Balances:

<b>Movements in 2019/20</b>									
	<b>Council Dwellings £000</b>	<b>Other Land and Buildings £000</b>	<b>Vehicles, Plant, Furniture and Equipment (VPFE) £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total PPE £000</b>	<b>Total PFI Assets included in PPE £000</b>
<b>Cost or Valuation:</b>									
At 1 April 2019	0	14,847	890	0	0	0	0	15,737	0
Other movements	0	(789)	0	0	0	0	0	(789)	0
Additions - programmed investment	0	0	0	0	0	0	0	0	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	5,417	0	0	0	0	0	5,417	0
Revaluation increases / (decreases) to Surplus / Deficit on the Provision of Services	0	(74)	0	0	0	0	0	(74)	0
De-recognition – disposals	0	0	0	0	0	0	0	0	0
De-recognition – other	0	0	0	0	0	0	0	0	0
Reclassification and transfers	0	0	0	0	0	0	0	0	0
<b>At 31 March 2020</b>	<b>0</b>	<b>19,401</b>	<b>890</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,291</b>	<b>0</b>

<b>Movements in 2019/20 (Continued)</b>									
	<b>Council Dwellings £000</b>	<b>Other Land and Buildings £000</b>	<b>Vehicles, Plant, Furniture and Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total PPE £000</b>	<b>Total PFI Assets included in PPE £000</b>
<b>Accumulated Depreciation and Impairment:</b>									
At 1 April 2019	0	(287)	(35)	0	0	0	0	(322)	0
Depreciation charge	0	(502)	(126)	0	0	0	0	(628)	0
Other movements	0	789	0	0	0	0	0	789	0
Impairment (losses) / reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Impairment (losses) / reversals recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0
De-recognition - disposals	0	0	0	0	0	0	0	0	0
De-recognition - other	0	0	0	0	0	0	0	0	0
Reclassification and Transfers	0	0	0	0	0	0	0	0	0
<b>At 31 March 2020</b>	<b>0</b>	<b>0</b>	<b>(161)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(161)</b>	<b>0</b>
<b>Net Book Value:</b>									
At 31 March 2020	0	19,401	729	0	0	0	0	20,130	0
At 31 March 2019	0	14,559	855	0	0	0	0	15,414	0

<b>Movements in 2018/19</b>									
	<b>Council Dwellings £000</b>	<b>Other Land and Buildings £000</b>	<b>Vehicles, Plant, Furniture and Equipment (VPFE) £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total PPE £000</b>	<b>Total PFI Assets included in PPE £000</b>
<b>Cost or Valuation:</b>									
At 1 April 2018	<b>0</b>	<b>14,866</b>	<b>327</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,193</b>	<b>0</b>
Additions – transferred in from subsidiary	0	0	0	0	0	0	0	0	0
Additions - programmed investment	0	0	544	0	0	0	0	544	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Revaluation increases / (decreases) to Surplus / Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0
De-recognition – disposals	0	0	0	0	0	0	0	0	0
De-recognition – other	0	0	0	0	0	0	0	0	0
Reclassification and transfers	0	(19)	19	0	0	0	0	0	0
<b>At 31 March 2019</b>	<b>0</b>	<b>14,847</b>	<b>890</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,737</b>	<b>0</b>

<b>Movements in 2018/19 (Continued)</b>									
	<b>Council Dwellings £000</b>	<b>Other Land and Buildings £000</b>	<b>Vehicles, Plant, Furniture and Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total PPE £000</b>	<b>Total PFI Assets included in PPE £000</b>
<b>Accumulated Depreciation and Impairment:</b>									
At 1 April 2018	0	0	0	0	0	0	0	0	0
Depreciation charge	0	(287)	(35)	0	0	0	0	(322)	0
Depreciation written out to the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Depreciation written out to the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0
Impairment (losses) / reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Impairment (losses) / reversals recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0
De-recognition - disposals	0	0	0	0	0	0	0	0	0
De-recognition - other	0	0	0	0	0	0	0	0	0
Reclassification and Transfers	0	0	0	0	0	0	0	0	0
<b>At 31 March 2019</b>	0	(287)	(35)	0	0	0	0	(322)	0
<b>Net Book Value:</b>									
At 31 March 2019	0	14,559	855	0	0	0	0	15,414	0
At 31 March 2018	0	14,866	327	0	0	0	0	15,193	0





## Depreciation

Depreciation is charged on a straight line basis over the useful life of the asset.

As set out in Note 7, in order to harmonise the interpretation of Accounting Policies across the Group, the estimation technique for charging depreciation has been brought into line with that of SYPTE by charging a full year's depreciation in the year in which an asset is first acquired or brought into use. The effect of this has been to increase the depreciation charge for the year by £246,000. Depreciation on revalued assets is charged on the revalued amount in the year following valuation.

## Capital Commitments

There are no significant capital commitments as at 31 March 2020.

## Revaluations

Revaluations of Land and Buildings have been carried out by a professionally qualified Valuer in 2019/20.

The following statement splits the value of those asset categories, into the years the assets were most recently valued:

	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Surplus Assets	Total
	£000	£000	£000	£000
<b>Carried at Historical Cost</b>	0	729	0	729
Valued at Fair Value as at:				
31 March 2020	19,400	0	0	19,400
31 March 2019	0	0	0	0
31 March 2018	0	0	0	0
31 March 2017	0	0	0	0
31 March 2016	0	0	0	0
31 March 2015	0	0	0	0
<b>Total Cost or Valuation</b>	<b>19,400</b>	<b>729</b>	<b>0</b>	<b>20,129</b>

<b>18. Investment Properties</b>
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The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure Statement:

2018/19 £000		2019/20 £000
223	Net Rental income from investment property	(75)
223	Net gain/(loss)	(75)

The following table summarises the movement in the fair value of investment properties over the year:

2018/19 £000	Cost or Valuation	2019/20 £000
3,332	Balance At 1 April	3,332
0	Revaluations	(478)
3,332	Balance at 31 March	2,854

### Fair Value Hierarchy

To conform to the requirements of IFRS 13, Fair Value measurement, details of the Authority's investment properties and information about the fair value hierarchy as at 31 March 2020 are as follows:

2019/20				
Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2020
	£000	£000	£000	£000
Investment Properties	0	2,854	0	2,854
<b>Total</b>	<b>0</b>	<b>2,854</b>	<b>0</b>	<b>2,854</b>

2018/19 Comparitve				
Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2019
	£000	£000	£000	£000
Investment Properties	0	3,332	0	3,332
<b>Total</b>	<b>0</b>	<b>3,332</b>	<b>0</b>	<b>3,332</b>

## Valuation Process for Investment Properties

Revaluations of the Authority’s two most significant investment properties have been carried out by a professionally qualified Valuer in 2019/20.

### 19. Intangible Assets

The carrying amount of intangible assets is amortised on a straight-line basis.

The movement on intangible asset balances during the year is as follows:

	2018/19			2019/20		
	Internally Generated Assets	Other Assets	Total	Internally Generated Assets	Other Assets	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April	0	946	946	0	1,482	1,482
Amortisation for the period	0	0	0	0	0	0
Additions	0	536	536	0	0	0
Net Carrying Amount at End of Year	0	1,482	1,482	0	1,482	1,482
Comprising:						
Gross carrying amounts	0	1,482	1,482	0	1,482	1,482
Accumulated amortisation	0	0	0	0	0	0
	0	1,482	1,482	0	1,482	1,482

## 20. Financial Instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

<b>Current 31 March 2019 £000</b>	<b>Long Term 31 March 2019 £000</b>		<b>Current 31 March 2020 £000</b>	<b>Long Term 31 March 2020 £000</b>
(660)	(25,000)	Financial liabilities at amortised cost	(660)	(25,000)
(694)	0	Accrued interest	0	0
<b>(1,354)</b>	<b>(25,000)</b>	<b>Total financial liabilities</b>	<b>(660)</b>	<b>(25,000)</b>
73,305	60,000	Investments at amortised cost	91,000	45,000
467		Accrued interest	294	
<b>73,772</b>	<b>60,000</b>	<b>Total Investments at amortised cost</b>	<b>91,294</b>	<b>45,000</b>
78,861	0	Cash and cash equivalents	81,471	0
0	0	Accrued Interest	0	0
<b>78,861</b>	<b>0</b>	<b>Total cash and cash equivalents</b>	<b>81,471</b>	<b>0</b>
<b>152,633</b>	<b>60,000</b>	<b>Total investments</b>	<b>172,765</b>	<b>45,000</b>

### Soft Loans

The Authority has three soft loans:

- £1.5m to Rotherham MBC to help support development work on Forge Island,
- £4.8m to Sheffield City Council to support the redevelopment of Parkwood Springs , and
- £1.39m to Doncaster Metropolitan Borough Council to support the DN7 scheme

The movements in the soft loan balance arising from these transactions is summarised in the table below:

	<b>31 March 2019 £000</b>	<b>31 March 2020 £000</b>
Opening Balance	2,926	6,856
New Loans Granted	6,190	0
Less Fair Value Adjustment on Initial Recognition	(577)	0
Less Discounted Amount	0	0
Less Other Adjustments	(2,140)	0
Less Dividend Payment	0	0
Unwinding of discount	457	136
<b>Balance Carried Forward</b>	<b>6,856</b>	<b>6,992</b>
<b>Nominal Value</b>	<b>7,690</b>	<b>7,690</b>

## Expected Credit Loss Model

The Authority has with effect from 1 April 2018, determined impairment loss allowances on all of its financial assets held at amortised cost using the expected credit loss model.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Expected credit losses will be calculated on individual assets where reasonable to do so. Where the Authority cannot gather reasonable and supporting information without undue cost or effort to support expected credit losses on an individual basis, it will assess losses on a collective basis.

The impairment loss allowances made in 2019/20 are summarised in Note 21.

## Financial Instrument Gain/Losses

The Financial Instrument gains and losses recognised in the Comprehensive Income and Expenditure Statement are:

2018/19				2019/20		
Financial Liabilities	Financial Assets	Total		Financial Liabilities	Financial Assets	Total
£000	£000	£000		£000	£000	£000
(1,388)	0	(1,388)	Interest expense	(1,388)	0	(1,388)
<b>(1,388)</b>	<b>0</b>	<b>(1,388)</b>	<b>Interest payable and similar charges</b>	<b>(1,388)</b>	<b>0</b>	<b>(1,338)</b>
0	2,723	2,723	Interest income	0	2,859	2,859
<b>0</b>	<b>2,723</b>	<b>2,723</b>	<b>Interest and investment income</b>	<b>0</b>	<b>2,859</b>	<b>2,859</b>
<b>(1,388)</b>	<b>2,723</b>	<b>1,335</b>	<b>Net gain / (loss) for the year</b>	<b>(1,388)</b>	<b>2,859</b>	<b>1,521</b>

## Fair Value of Assets and Liabilities Carried at Amortised Cost

The borrowings and investments disclosed in the Balance Sheet are shown at amortised cost. Their fair value can be assessed by calculating the net present value (NPV) of the cash flows that take place over the remaining life of the instruments which provides an estimate of the value of payments in the future in today's terms. The calculations have been made using the following assumptions:

- PWLB Loans – There are two options for determining the fair value of PWLB borrowing. One is to use the prevailing rate for new borrowing (the certainty rate) at the balance sheet date. The second is to use the prevailing premature repayment rate at the balance sheet date. These rates are then applied to determine the net

present value of the cashflows that are expected to take place over the remaining life of the PWLB loans within the Authority’s debt portfolio. Both are disclosed

- Accrued interest has been included in the fair valuation calculation as this is also reflected in the carrying amount. The accrued interest figure is calculated up to and including the valuation date.
- Investments – fair value is determined by comparison of the fixed term investment held by the Authority with a comparable investment with a similar lender for the remaining period of the deposit.
- Short term financial liabilities and financial assets - Where an instrument has a maturity of less than 12 months, the fair value the carrying amount is deemed a reasonable approximation of fair value.

Fair Value of Financial Liabilities Carried at Amortised Cost-New Borrowing (Certainty) Rate

31 March 2019 Carrying Amount £000	31 March 2019 Fair Value £000		31 March 2020 Carrying Amount £000	31 March 2020 Fair Value £000
(25,000)	(33,015)	PWLB debt	(25,000)	(31,515)
<b>(25,000)</b>	<b>(33,015)</b>	<b>Total Financial Liabilities</b>	<b>(25,000)</b>	<b>(31,515)</b>

Fair Value of Financial Liabilities Carried at Amortised Cost-Premature Repayment Rate

31 March 2019 Carrying Amount £000	31 March 2019 Fair Value £000		31 March 2020 Carrying Amount £000	31 March 2020 Fair Value £000
		PWLB debt	(25,000)	(37,226)
		<b>Total Financial Liabilities</b>	<b>(25,000)</b>	<b>(37,226)</b>

The fair value is greater than the carrying amount because the Authority’s portfolio comprises fixed rate loans with interest rates in excess of current PWLB new borrowing rates.

If the Authority were to seek to repay its PWLB debt early as at the balance sheet, the PWLB apply the premature repayment rates. The difference between the carrying value of £25m and fair value of £37.2m is a measure of the premium the Authority might have to pay to terminate loans early as at the balance sheet date.

**Fair Value of Financial Assets Carried at Amortised Cost**

The analysis below relates to fixed term deposits held with Local Authorities and call accounts held with UK banks. Money Market Funds are disclosed within cash and cash equivalents – see Note 25.

<b>31 March 2019</b>			<b>31 March 2020</b>	
<b>Carrying Amount</b>	<b>Fair Value</b>		<b>Carrying Amount</b>	<b>Fair Value</b>
<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>
60,000	61,943	Investments at Amortised Cost- Long Term	45,000	47,212
65,967	65,967	Investments at Amortised Cost- Short Term	91,294	91,294
7,805	7,805	Investments in Subsidiary- Short Term	0	0
<b>133,772</b>	<b>135,715</b>	<b>Total</b>	<b>136,294</b>	<b>138,506</b>

Fair value is deemed to be equal to carrying value for all other financial assets. The Authority realised its investment in its subsidiary company, SYITA Properties Limited, during 2019/20. As a consequence, it is no longer held in the balance sheet at 31 March 2020.

**21. Nature and Extent of Risks Arising from Financial Instruments**

**Key Risks**

The Mayoral Combined Authority’s activities expose it to a variety of financial risks, the key risks are:

- **Credit Risk**            The possibility that other parties might fail to pay amounts due to the Authority.
- **Liquidity Risk**        The possibility that the Authority might not have funds available to meet its commitments to make payments.
- **Re-financing Risk**     The possibility that the Authority might be required to renew a financial instrument on maturity at disadvantageous interest or terms.
- **Market Risk**            The possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

**Overall Procedures for Managing Risk**

The Authority’s overall risk management procedures are designed to comply with regulatory guidance applicable to Local Authorities, namely, the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Statutory Investment Guidance.



Overall these procedures require the Authority to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA Code of Practice on Treasury Management.
- By approving annually in advance prudential indicators over:
  - The Authority's overall borrowing
  - Its exposure to fixed and variable rate interest on borrowing and investments
  - The maturity structure of debt.
  - Investments of 365 days or more.
- By approving an investment strategy for the forthcoming year setting out the criteria for both investing and selecting investment counterparties in compliance with the statutory Guidance.

The prudential indicators are set annually as part of the Treasury Management Strategy and monitored and reported on to Members at least twice yearly through a mid-year report and end of year annual report on treasury performance.

The Authority maintains written principles/policies (the Treasury Management Practices or TMPs) for overall risk management, covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash. These TMPs are a requirement of the Code of Practice which are updated and implemented by the Treasury Management team.

### **Credit Risk**

Credit risk relating to treasury activity is minimised through the Annual Investment Strategy which forms part of the Authority's Annual Treasury Management Strategy. The Investment Strategy restricts placing investments with counterparties to those with high credit ratings to minimise the risk of default.

The Authority adopts a counterparty list based on a model provided by its treasury advisors using credit ratings from the three national rating agencies (Fitch, Moody's and Standard and Poors) supplemented by the following information:

- Credit updates and credit outlooks from credit rating agencies.
- Credit Default Swap spreads to give early warning of likely changes in credit ratings (a CDS is the market perception of credit risk for financial institutions).
- Sovereign ratings to enable the Mayoral Combined Authority to only select counterparties from the most creditworthy countries.

As at 31 March 2020 the Authority held short and long term investments carried at amortised cost of £136m comprising £60m of call accounts with banks and £76m of fixed term investments with other Local Authorities. The default risk associated with these investments at the balance sheet date was 0.013% and 0% respectively.

No impairment loss allowances have been made during the year in respect of these investments as the very low or zero default risk would only require an impairment loss allowance of c.£8k.

The table below shows the credit rating of the counterparties making up the £136m held at 31 March 2020:

<b>31 March 2020</b>				
	<b>Financial Institution</b>	<b>Rating of Counterparty</b>	<b>Country</b>	<b>Amount £000</b>
	Local Authorities		UK	76,000
	Barclays Bank plc	A	UK	20,000
	Lloyds Bank plc	A+	UK	20,000
	Santander UK plc	A	UK	20,000

<b>31 March 2019-Comparative</b>				
	<b>Financial Institution</b>	<b>Rating of Counterparty</b>	<b>Country</b>	<b>Amount £000</b>
	Local Authorities		UK	105,000
	Barclays Bank plc	A-	UK	500
	Lloyds Bank plc	A+	UK	20,000

Other financial assets held at the year-end comprised:

- £81.471m deposited with AAA Money Market Funds (MMFs) classified as Cash and Cash Equivalents – see note 25.
- £22.486m of long term capital loans advanced to third parties outside of the Group in furtherance of the Authority’s economic development objectives - see Note 22.
- £9.862m of short term debtors – see Note 24.

An impairment allowance of £1.171m (2018/19 £0.231m) has been made for expected credit losses on capital loans advanced to third parties.

A further impairment allowance of £0.321m (2018/19 £0.300m) has been made in respect of short term debtors.

### **Liquidity Risk**

The Authority has substantial investments which are managed in such a way as to ensure that there is sufficient liquidity on a day to day basis to meet expenditure when needed.

On an annual basis, the Authority is required to produce a balanced budget under the Local Government Finance Act 1992. This ensures that overall over the course of the financial year there is sufficient monies raised to cover annual expenditure.

Longer term, the Authority has access to PWLB should it require funds to meet its capital investment plans, subject to it being affordable under the Prudential Code.

## Refinancing and Maturity Risk

The investment portfolio is managed in such a way as to provide sufficient short term liquidity and to ensure that there are sufficient funds to repay Group borrowing as it falls due.

There are currently no plans to refinance debt. Opportunities to reschedule debt are kept under review but are at present limited, due to the costs ( premia on early redemption) that would likely be incurred.

The maturity analysis of financial liabilities is:

2018/19				2019/20		
Principal	Accrued Interest	Principal plus Interest		Principal	Accrued Interest	Principal plus Interest
<u>£000</u>	<u>£000</u>	<u>£000</u>		<u>£000</u>	<u>£000</u>	<u>£000</u>
0	(694)	(694)	Less than 1 year	0	0	0
(4,000)	0	(4,000)	Between 2 and 5 years	(8,000)	0	(8,000)
(16,000)	0	(16,000)	Between 5 and 10 years	(12,000)	0	(12,000)
(5,000)	0	(5,000)	More than 10 years	(5,000)	0	(5,000)
<b>(25,000)</b>	<b>(694)</b>	<b>(25,694)</b>	<b>Total</b>	<b>(25,000)</b>	<b>0</b>	<b>(25,000)</b>

The maturity analysis of short and long term investments is:

2018/19				2019/20		
Principal	Accrued Interest	Principal plus Interest		Principal	Accrued Interest	Principal plus Interest
<u>£000</u>	<u>£000</u>	<u>£000</u>		<u>£000</u>	<u>£000</u>	<u>£000</u>
65,500	467	65,967	Under 1 year	91,000	294	91,294
15,000	0	15,000	Between 1 and 2 year	22,000	0	22,000
30,000	0	30,000	Between 2 and 5 years	13,000	0	13,000
15,000	0	15,000	Between 5 and 10 years	10,000	0	10,000
0	0	0	More than 10 years	0	0	0
<b>125,500</b>	<b>467</b>	<b>125,967</b>	<b>Total</b>	<b>136,000</b>	<b>294</b>	<b>136,294</b>

## Market Risk

### Interest Rate Risk

Interest rate risk arises on borrowings and investments as follows:

- Borrowing at Variable Rates      The interest expense charged to the Comprehensive Income and Expenditure Statement may rise.
- Borrowing at Fixed Rates      The fair value of the borrowing liability will rise (no impact on revenue balances).
- Investments at Variable Rates      The interest income credited to the Comprehensive Income and Expenditure Statement may fall.
- Investments at Fixed Rates      The fair value of the assets will fall (no impact on revenue balances).

The Authority’s strategy for managing interest rate risk is set out below.

#### Borrowing

The Authority’s debt portfolio is fixed rate PWLB debt. The amount of interest payable is not therefore exposed to risk from interest rate fluctuations.

#### Investments

The investment portfolio comprises fixed term deposits with Local Authorities and other low risk counterparties, call accounts and Money Market Funds “MMFs”. Included within the Local Authority Fixed Term Deposits are longer term investments with Local Authority Stakeholders (£45m at 31 March 2020).

The Authority’s Investment Strategy is to move towards a higher weighting of longer term investments to secure better returns over the medium term.

If interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	<b>£000</b>
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	0
Increase in government grant receivable for financing costs	0
Impact on Surplus or Deficit on the Provision of Services	0
Decrease in fair value of fixed rate investment assets*	1,276
Impact on Other Comprehensive Income and Expenditure	0
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	2,290

**Notes:**

\* The change in Fair Value of fixed rate investments and fixed rate borrowing is based on a 1% increase in interest rates above the market rates prevailing at the balance sheet date. The approximate impact of a 1% fall in interest rates would be the same but with the movements being reversed.

**Foreign Exchange Risk**

The Authority has no significant financial assets or liabilities denominated in foreign currencies and therefore no material exposure to loss arising from movements in exchange rates.

**22. Long Term Debtors**

The following is an analysis of Long Term Debtors:

<b>31 March 2019 £000</b>		<b>31 March 2020 £000</b>
6,855	Other Local Authorities	6,992
9,622	Others	13,624
<b>16,477</b>	<b>Total</b>	<b>20,616</b>

The long term debtors represents Capital Loans advanced to 3<sup>rd</sup> parties to support the MCA’s strategic economic development objectives.

The carrying value of £20,616m comprises the nominal value of loans £22,486m less soft loan adjustment of £0.699m and expected credit losses of £1,171m.

**23. Long Term Investments**

The following is an analysis of Long Term Investments:

<b>31 March 2019 £000</b>		<b>31 March 2020 £000</b>
60,000	Investments with Local Authorities	45,000
<b>60,000</b>	<b>Total</b>	<b>45,000</b>

A maturity analysis of long term investments is set out in Note 21.

## 24. Short Term Debtors

The following is an analysis of Short Term Debtors:

<b>31 March 2019 Restated £000</b>		<b>31 March 2020 £000</b>
955	Trade Customers	271
9,747	Receivables from Related Parties	8,152
0	Prepayments	0
18,384	Other Amounts	1,118
<b>29,086</b>	<b>Total</b>	<b>9,541</b>

Included within the receivables from related parties is an amount of £6,214m due from the SCR Financial Interventions Holding company.

The debtors balance comprises gross debtors of £9,862m less an allowance for impairment losses of £0.321m.

## 25. Cash and Cash Equivalents

The following is an analysis of Cash and Cash Equivalents shown in the Balance Sheet:

<b>31 March 2019 £000</b>		<b>31 March 2020 £000</b>
(13,872)	Cash at Bank-Bank overdrawn	(9,801)
2,652	Cash at Bank	0
78,861	Short Term Investments	81,471
<b>67,641</b>	<b>Total</b>	<b>71,670</b>

## 26. Short Term Borrowing

The balance of Short Term Borrowing relates to a number of loans from other Local Authorities for the Mayoral Combined Authority/LEP:

<b>31 March 2019 £000</b>		<b>31 March 2020 £000</b>
(694)	Accrued interest on borrowing	0
(660)	Other Local Authorities	(660)
<b>(1,354)</b>	<b>Total</b>	<b>(660)</b>

## 27. Short Term Creditors

The following is an analysis of Short Term Creditors:

<b>31 March 2019 Restated £000</b>		<b>31 March 2020 £000</b>
(9,603)	Trade Creditors	(3,560)
(37,868)	Related Parties Creditors	(79,725)
(3,010)	Deferred Incomes	(2,087)
(9,446)	Other Creditors	(8,067)
<b>(59,927)</b>	<b>Total</b>	<b>(93,439)</b>

## 28. Provisions

The Mayoral Combined Authority has the following Provisions:

<b>31 March 2019 £000</b>		<b>31 March 2020 £000</b>
(382)	Balance at 1 April	(1,460)
382	Released / utilised in year	726
(1,460)	Created in year	(1,410)
<b>(1,460)</b>	<b>Total</b>	<b>(2,144)</b>
	<u>Split by:</u>	
(1,460)	Short-term	(2,144)
0	Long-term	0
<b>(1,460)</b>	<b>Total</b>	<b>(2,144)</b>

The new provisions created in the year includes two items set aside in light of the Covid 19 emergency. £500,000 has been set aside against potential income losses. A further £400,000 has been set aside to assist Covid 19 recovery.

The most significant other item is £400,000 for planned building maintenance (£417,000 2018/19).

## 29. Other Long Term Liabilities

The full value of Other Long Term Liabilities relates to the balance held for SYPTE, expected to be drawn down after more than one year and is primarily to repay SYPTE's borrowing as it falls due. The amount expected to be drawn down within one year of £53m is shown within Related Party Creditors in Note 27

The balance has arisen because the Authority manages cash set aside by SYPTE in the past for the repayment of debt on behalf of the Group and invests it in line with the Annual Treasury Management Strategy.

<b>31 March 2019 Fair Value £000</b>		<b>31 March 2020 Fair Value £000</b>
(168,867)	South Yorkshire Passenger Transport Executive	(130,214)
<b>(168,867)</b>	<b>Total</b>	<b>(130,214)</b>

### 30. Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

#### General Fund Balance

The General Fund is an unearmarked reserve to cover unexpected fluctuations in income and expenditure and unforeseen contingencies.

The table below shows the balance of the General Fund available balance:

<b>31 March 2019 £000</b>		<b>31 March 2020 £000</b>
(5,888)	Transport Authority	(5,888)
(1,769)	Local Enterprise Partnership	(1,769)
<b>(7,657)</b>	<b>Total</b>	<b>(7,657)</b>

#### Earmarked General Fund Reserves

The table below provides a breakdown of the earmarked reserves balance:

<b>31 March 2019 Restated £000</b>		<b>31 March 2020 0</b>
	Revenue Grants and Contributions Reserve:	
(107)	- Apprenticeship Grant for Employers	(107)
	Other Earmarked Reserves:	
(233)	- Mayoral Elections	(908)
(28)	- Other	(28)
0	- Mayoral Capacity Fund Reserves	(908)
(9,810)	- PFI Revenue Reserve	(11,158)
(1,655)	- Local Growth Fund Reserve	(1,642)
(844)	Business Rate	(997)
(1,680)	Skills Bank	(5,077)
(1,110)	Skills Bank 2	(1,110)
(25,091)	Levy Reduction Reserve	(19,520)
<b>(40,558)</b>	<b>Total</b>	<b>(41,455)</b>

Earmarked reserves are set aside to meet future liabilities and provide financing for future revenue or capital spending plans. Information on the use of Reserves in the year is disclosed in Note 14.



The purpose of the more significant of these reserves is as follows:

- **Private Finance Initiative Reserve:** The PFI reserve is to meet future liabilities relating to Doncaster Interchange up until the end of the PFI scheme and to meet residual liabilities beyond the end of the scheme. It has been established by virtue of the fact that fixed annual amount of Government funding is higher than the unitary payment to the PFI provider in the early years of the scheme. The reserve will then be drawn down in later years to meet the rising costs of the PFI scheme as the unitary payment is indexed for inflation.
- **LGF Reserve:** The Local Growth Fund reserve was created by agreement with Government to convert £4m of Growth Deal funding from capital to revenue in April 2015. It is being used to sustain Growth Hub activity.
- **Business Rates Reserve :** The reserve provides the MCA with financial resilience to cope with unforeseen events affecting EZ business rates growth such as business closure, revaluation, and the award of reliefs or appeals.
- **Skills Bank Reserve :** The reserve is ring-fenced to support future Skills Bank delivery and sustainability beyond the current Skills Bank 2 programme.
- **Skills Bank 2 Reserve:** This represents upfront grant funding received in 2018/19 at the start of the three year programme which is available to support delivery of Skills Bank 2 programme in 2019/20 and 2020/21.
- **Mayoral Capacity Fund reserves** is ring-fenced to provide additional capacity and expertise to support the Elected Mayor and MCA in specific policy areas aligned to the Mayor's commitments set out in his manifesto.
- **Levy Reduction Reserve:** The reserve was created as a result of a major restructure of capital financing across the Group in 2013/14 and 2014/15. It is being used to bridge the funding shortfall between the baseline transport revenue budget and transport levy to sustain levy reductions until convergence of the two can be achieved.
- **Mayoral Election Reserve :** The reserve is being built up to provide funding to meet the cost of the next Mayoral election which is scheduled to take place in May 2022.

### **Capital Receipts Reserve**

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to repay debt. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

The table below shows the balance of the Capital Receipts Reserve:

<b>31 March 2019 £000</b>		<b>31 March 2020 £000</b>
(5,453)	Capital Receipts Reserve	(4,304)
(1,387)	Capital loan repaid	(18,915)
2,746	Capital receipt applied during the year	5,537
0	Investment in subsidiary realised	(1,499)
(210)	Capital grant repaid	0
<b>(4,304)</b>	<b>Total</b>	<b>(19,181)</b>

In 2019/20, £15m of loans were repaid from the SCR JESSICA fund.

### Capital Grants Unapplied Account

The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which there are no conditions or conditions have been met and have therefore been recognised as income but have not yet been applied for financing.

As at 31 March 2020, the balance on the Capital Grants Unapplied Account was nil, (nil at 31 March 2019).

### 31. Unusable Reserves

The following table summarises the Unusable Reserves balances:

<b>1 April 2019 £000</b>		<b>31 March 2020 £000</b>
<b>Capital Reserves:</b>		
56,758	Capital Adjustment Account	75,802
0	Revaluation reserve	(5,417)
56,758		70,385
<b>Revenue Reserves:</b>		
834	Financial instruments Adjustment Account	699
0	Pensions Reserve – Note 41	2,855
834		3,554
<b>57,592</b>	<b>Total</b>	<b>73,939</b>

### Capital Reserves

Capital Reserves are not available for revenue purposes and certain ones can only be used for specific statutory purposes.

### Capital Adjustment Account

The Capital Adjustment Account comprises differences between how charges for the use of Property, Plant & Equipment and their financing are accounted for under proper accounting practice and the amounts that are statutorily required to be charged under

Local Government financing regulations in determining the amount to be met by local taxpayers. Note 13 provides details on the entries that have been made in this regard in 2019/20.

2018/19 £000		2019/20 £000
61,263	<b>Balance at 1 April</b>	<b>56,758</b>
0	Restatement of cost of investment in subsidiary	
	<b><i>Reversal of items relating to capital expenditure debited or credited to the CIES:</i></b>	
322	Depreciation of Non-current assets	628
	Impairment of Non-current assets	
	Revaluation losses	74
	Movements in fair value of Investment Properties	478
	Movements in fair value of Donated Asset Account	
	Amortisation of Intangible assets	
66,890	Revenue expenditure funded from capital under statute	68,246
0	Non-Current assets written off on disposal	0
2,372	Other	(538)
	<b><i>Adjusting amounts written out of the Revaluation Reserve:</i></b>	
	Difference between fair value depreciation and historical cost depreciation	
	Accumulated gains on assets sold or scrapped	
	Other	
<b>130,847</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>125,646</b>
	<b><i>Capital financing applied in the year:</i></b>	
(2,746)	Use of the Capital Receipts Reserve to finance new capital expenditure	(5,537)
1,387	Capital loan repaid	20,414
(69,041)	Capital grants and contributions credited to the CIES including REFCUS Income	(61,560)
0	Application of grants and contributions from the Capital Grants Unapplied Account	0
(3,145)	Statutory provision for the repayment of debt	(3,161)
(544)	Direct Revenue Financing	0
(74,089)		(49,844)
<b>56,758</b>	<b>Balance at 31 March</b>	<b>75,802</b>

## Financial Instruments Adjustment Account

2018/19 £000		2019/20 £000
714	<b>Balance at 1 April</b>	<b>834</b>
120	Soft Loan Amortisation	(135)
120	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(135)
<b>834</b>	<b>Balance at 31 March</b>	<b>699</b>

### 32. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2018/19 £000		2019/20 £000
3,057	Interest Received	3,073
(1,508)	Interest Paid	(1,388)
<b>1,549</b>	<b>Total</b>	<b>1,685</b>

The surplus or (deficit) on the provision of services has been adjusted for the following non-cash movements:

2018/19 £000		2019/20 £000
322	Depreciation	628
7,439	Increase / (decrease) in creditors	4,164
3,724	(Increase) / decrease in debtors	(981)
3,371	Other non-cash items charged to the net surplus or deficit on the provision of services	(4,521)
<b>14,856</b>	<b>Total</b>	<b>(710)</b>

The surplus or (deficit) on the provision of services has been adjusted for the following items that are investing and financing activities:

2018/19		2019/20
(17,194)	Any other items for which the cash effects are investing or financing cash flows	(9,304)
<b>(17,194)</b>	<b>Total</b>	<b>(9,304)</b>

### 33. Cash Flow Statement – Investing Activities

The cash flows for investing activities include the following items:

2018/19 £000		2019/20 £000
(195,318)	Purchase of short term and long term investments	(25,500)
(15,965)	Other payments for investing activities	(5,021)
(1,079)	Purchase of PPE, Investment property and Intangible assets	0
262,818	Proceeds from short term and long term investments	24,304
17,116	Other receipts from investment activities	23,936
<b>67,572</b>	<b>Total</b>	<b>17,719</b>

### 34. Cash Flow Statement – Financing Activities

The cash flows for financing activities include the following items:

2018/19 £000		2019/20 £000
(27,558)	Repayments of other long term liabilities	0
<b>(27,558)</b>	<b>Total</b>	<b>0</b>

The repayment of other long term liabilities relates to the intercompany account with the Authority's subsidiary, SYPTE. The movement in the long term component of the intercompany account has been taken account of within operating activities in 2019/20.

### 35. Trading Operations

#### AMP Technology Centre Operation

The financial performance of the AMP from 1 April 2019 until the end of the financial year was as follows:

2019/20					
	Income	Expenditure	Operating (Surplus)/ Deficit	Accounting Adjustments	Accounting (Surplus)/ Deficit
	£000	£000	£000	£000	£000
AMP Technology Centre Operation	(1,636)	1,256	(380)	0	(380)
	<b>(1,636)</b>	<b>1,256</b>	<b>(380)</b>	<b>0</b>	<b>(380)</b>

2018/19-Comparative					
	Income	Expenditure	Operating (Surplus)/ Deficit	Accounting Adjustments	Accounting (Surplus)/ Deficit
	£000	£000	£000	£000	£000
AMP Technology Centre Operation	(1624)	1517	(106)	0	(106)
	<b>(1624)</b>	<b>1517</b>	<b>(106)</b>	<b>0</b>	<b>(106)</b>

Trading operations overall reported surpluses on controllable income and expenditure.

**36. Officers' Remuneration**

The remuneration paid to the Authority's senior employees is shown in the table below:-

<b>2019/20</b>	<b>Salary</b>	<b>Expenses</b>	<b>Pension Contribution</b>	<b>Total</b>
	£	£	£	£
Dr Dave Smith – Chief Executive (Head of Paid Service)	186,170	250	0	186,420
Deputy Chief Executive	107,128	175	15,748	123,051
Director of Transport, Infrastructure & Housing	99,628	75	14,645	114,348
Director of Governance and Mayor's Office	68,219	0	10,028	78,247
Interim Group Chief Financial Officer	57,333	0	8,869	66,202
<b>Total</b>	<b>518,478</b>	<b>500</b>	<b>49,290</b>	<b>568,268</b>

Director of Mayor's Office joined the organisation on 1 July 2019

Interim Group Chief Financial Officer joined the organisation on 30 September 2019

Prior to the appointment of Interim Group Chief Financial Officer, the role of Section 73 officer for the MCA was provided by Sheffield City Council at nil cost.

The Group Principal Solicitor and Monitoring Officer is employed by South Yorkshire Passenger Transport Executive. Their salary costs have been charged to and are disclosed within SYPTE's 2019/20 Accounts and in the Group disclosure note within these accounts (Note 65).

<b>2018/19</b>	<b>Salary</b>	<b>Expenses</b>	<b>Pension Contribution</b>	<b>Total</b>
	£	£	£	£
Dr Dave Smith – Chief Executive (Head of Paid Service)	192,449	0	0	192,449
Deputy Chief Executive	103,528	0	15,214	118,742
Director of Transport, Infrastructure & Housing	95,997	0	14,112	110,109
<b>Total</b>	<b>391,974</b>	<b>0</b>	<b>29,325</b>	<b>421,300</b>

The Mayoral Combined Authority's other employees receiving more than £50,000 remuneration for the year were paid the following amounts:

<b>Remuneration Band</b>	<b>2018/19 Total</b>	<b>2019/20 Total</b>
£50,000 - £54,999	2	3
£55,000 - £59,999	7	1
£60,000 - £64,999	2	8
£65,000 - £69,999	0	0
£95,000 - £99,999	0	0
£105,000 - £109,999	0	0
	<u>11</u>	<u>12</u>

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below. Strain costs are £0k, (2018/19 £0k) and are included in the total cost:

Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band (including strain costs)	
	2020	2019	2020	2019	2020	2019	2020	2019
							£'000	£'000
£0 - £20,000	-	-	2	-	2	-	5	-
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,000 - £150,000	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>2</b>	-	<b>2</b>	-	<b>5</b>	-

LEP Board members are not remunerated but are entitled to claim back travel and subsistence costs incurred whilst undertaking their duties on behalf of the LEP. In 2019/20, the total amount of expenses paid to members of the LEP Board, MCA and its Committees amounted to £21,925 (2018/19 £10,666).

The elected mayor of the Mayoral Combined Authority did not receive any remuneration during the year for fulfilling this post. (2018/19 £nil).

### 37. External Audit Fees

The Mayoral Combined Authority has incurred the following costs in relation to the audit of the Statement of Accounts, provided by the External Auditors:

2018/19 £000		2019/20 £000
29	Fees payable with regard to external audit services carried out by the appointed auditor	29
0	Fee variation agreed	0
<b>29</b>	<b>Total</b>	<b>29</b>

**38. Grant Income**

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

2018/19 £000		2019/20 £000
	<b>Credited to Services:</b>	
(33,680)	Ministry of Housing, Communities and Local Government	(36,489)
(26,639)	Department for Transport	(28,741)
(3,173)	Department for Education and Skills Funding Agency	(3,754)
(625)	Department for Business, Energy & Industrial Strategy	(354)
(160)	Careers Enterprise Company	(76)
(3,966)	Department of Health and Social Care	(2,698)
(60,797)	English Local Government	(58,864)
(323)	Cabinet Office	(94)
(262)	Other	(209)
<b>(129,625)</b>		<b>(131,279)</b>
	<b>Credited to Taxation and Non Specific Grant Income:</b>	
	<i>Non-ring fenced Government Grants:</i>	
(16,984)	Department for Communities and Local Government	(5,021)
<b>(16,984)</b>		<b>(5,021)</b>
<b>(146,609)</b>	<b>Total</b>	<b>(136,300)</b>

The Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at year end are as follows:

31 March 2019 £000		31 March 2020 £000
	<b>Revenue Grants Receipts in Advance:</b>	
(282)	Department for Business, Energy & Industrial Strategy	(32)
(474)	Department for Transport	(263)
(792)	Department of Housing, Communities and Local Government	(403)
(75)	Department for Education and Skills Funding Agency	(357)
(100)	Local Government Association (LGA)	(43)
(233)	None Departmental Government Bodies	(441)
(1,054)	Department of Health and Social Care	(548)
<b>(3,010)</b>	<b>Total</b>	<b>(2,087)</b>
	<b>Capital Grants Receipts in Advance:</b>	
(10,078)	Department for Transport	(13,920)
(5,591)	Department for Communities and Local Government	0
<b>(15,669)</b>	<b>Total</b>	<b>(13,920)</b>



### 39. Related Party Disclosures

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority.

Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party’s ability to bargain freely with the Authority.

For the Authority, the main categories of related party are the 4 constituent and 5 non-constituent Local Authorities, whose Leaders make up the membership of the Mayoral Combined Authority and have direct control through voting rights.

#### LEP Board and MCA Members

During 2019/20 no disclosure required in respect of works or services commissioned from companies in which members had an interest or with the members themselves (£nil 2018/19).

#### Senior Officers

During 2019/20, Senior Officers had no pecuniary interests requiring disclosure (£nil 2018/19).

#### Material Transactions with Related Parties

##### Income

2019/20				
	Transport Levy	EZ business rates	LEP subscriptions	Total
	£000	£000	£000	£000
Sheffield City Council	22,542	600	489	23,631
Barnsley Metropolitan Borough Council	9,494	848	206	10,548
Doncaster Metropolitan Borough Council	12,053	0	264	12,317
Rotherham Borough Council	10,275	576	226	11,077
Chesterfield Borough Council	0	1,000	4	1,004

## Expenditure

<b>2019/20</b>			
	<b>Capital grants-transport £000</b>	<b>Capital grants-LGF £000</b>	<b>Total £000</b>
Sheffield City Council	3,598	4,858	8,456
Barnsley Metropolitan Borough Council	5,411	4,237	9,648
Doncaster Metropolitan Borough Council	8,577	10,087	18,664
Rotherham Borough Council	7,325	1,597	8,922

## Group Subsidiaries

### South Yorkshire Passenger Transport Executive

The balance owing to South Yorkshire Passenger Transport Executive as at 31 March is shown in the table below:

<b>2018/19 £000</b>		<b>2019/20 £000</b>
0	Amounts due within one year	53,000
168,867	Amounts due after more than one year	130,214
<b>168,867</b>	<b>Total owed to SYPTE by the CA</b>	<b>183,214</b>

The following table shows the significant intercompany items of expenditure and income between the Authority and SYPTE

<b>2018/19 £000</b>		<b>2019/20 £000</b>
<b><u>Expenditure</u></b>		
57,443	Revenue grant payable to support SYPTE operational expenditure	57,347
3,217	Government funding to support SYPTE revenue activities	3,301
19,533	Capital grant to support SYPTE capital programme	8,704

## Financial Interventions Holding Company

The balance owed by the Financial Interventions Holding Company as at 31 March 2020 was £6.214m (2018/19 £9.599m).

#### 40. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure cannot be paid for immediately and is to be financed in future years by charges to revenue as the assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

2018/19 £000		2019/20 £000
	<b>Capital Investment</b>	
544	Property, Plant and Equipment	0
536	Intangible Assets	0
66,890	Revenue Expenditure Funded from Capital Under Statute	68,246
16,448	Capital loans	5,020
<b>84,418</b>	<b>Total</b>	<b>73,266</b>
	<b>Sources of Finance</b>	
69,040	Government Grants and Other Contributions	61,559
2,746	Capital Receipts	5,537
544	Direct Revenue Financing	0
12,088	Borrowing Requirement	6,170
<b>84,418</b>		<b>73,266</b>
	<b>Capital Financing Requirements</b>	
103,651	Opening Balance	113,045
12,088	Borrowing Requirement in Year	6,170
451	Other	0
(3,145)	Statutory / Voluntary Provision for repayment of debt (MRP / VMRP)	(3,161)
<b>113,045</b>	<b>Closing Balance</b>	<b>116,054</b>
(25,000)	PWLB Borrowing	25,000
(660)	Other Borrowing	660
<b>(25,660)</b>		<b>(25,660)</b>
<b>87,385</b>	<b>CFR in excess of debt</b>	<b>90,394</b>

The CFR is in excess of debt to this magnitude, because of a restructuring of Group financing in 2013/14 and 2014/15 which effectively led to the Group's underlying need to borrow being transferred from SYPTTE to the Authority.

## 41. Post Employment Benefits

On 1 April 2019, the Authority became an employing authority within the South Yorkshire Local Government Pension Scheme administered by South Yorkshire Pensions Authority.

Prior to this date, SCR officers were employed by Barnsley MBC. As a consequence, the share of assets and liabilities relating to SCR staff were not separately identified but included within Barnsley’s net pension liability. Hence, the reason why no comparatives are disclosed for 2018/19.

The net pensions liability on the date that staff were transferred to the Authority is shown as a Business Combination in the disclosure below. This amounted to £1.943m. It should be noted that this is an accounting estimate based on assumptions for determining pension liabilities prescribed by accounting standards. The actuarial valuation at March 2019 uses assumptions developed as part of the Funding Strategy which are more flexible. The position per the March 2019 actuarial valuation shows the Authority to be fully funded at 1 April 2019.

As part of the Terms and Conditions of Employment of its employees, the Authority offers post-employment benefits in the form of a Pension Scheme under the Local Government Pension Regulations 1995 and administered by the South Yorkshire Pensions Authority. This provides members with defined benefits related to pay and service. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

### Local Government Pension Scheme

<b>Comprehensive Income and Expenditure Statement</b>				
				<b>2019/20</b>
				<b>£'000</b>
Current Service Cost				938
Financing Investment Income and Expenditure				60
Remeasurement in other Comprehensive Income and Expenditure				370
<b>Total Post-Employment Benefits Charged to the Comprehensive</b>				
<b>Income and Expenditure Statement</b>				<b>1,368</b>

Transactions Relating to Post-Employment Benefits:

<b>Movement in Reserves Statement</b>				
				<b>2019/20</b>
				<b>£'000</b>
Reversal of Net Charges Made to the (Surplus)/Deficit for the Provision of Services for Post-Employment Benefits in Accordance with the Code				(998)
Actual Amount Charged Against the Operational Revenue Reserve				
Balance for Pensions in the Year:				
Employer's Contributions Payable to Scheme				456

<b>Assets &amp; Liabilities in Relation to Post-Employment Benefits</b>				
Reconciliation of Present Value of the Scheme Liabilities:				
				<b>2019/20</b>
				<b>£'000</b>
Opening Balance at 1 April				-
Business Combinations				(5,015)
Current Service Cost				(938)
Interest Cost				(134)
Contributions by Scheme Participants				(229)
Re-measurements				(174)
Benefits Paid				(410)
<b>Closing Balance at 31 March</b>				<b>(6,900)</b>

<b>Reconciliation of Fair Value of the Scheme (Plan) Assets:</b>				
				<b>2019/20</b>
				<b>£'000</b>
Opening Balance at 1 April				-
Business Combinations				3,072
Interest on Plan Assets				90
Re-measurements				(196)
Administration Expenses				(16)
Contributions by Employer				456
Contributions by Scheme (plan) Participants				229
Benefits Paid				410
<b>Closing Balance at 31 March</b>				<b>4,045</b>

<b>Pension Scheme Assets Comprised:</b>				
				<b>2019/20</b>
				<b>£'000</b>
<b>Equities</b>				2,093
<b>Bonds</b>				
Government Bonds				544
Other Bonds				296
<b>Property</b>				363

Other					749
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The Actuaries have taken account of the changes in the Local Government Pension Scheme regulations in assuming that 50% of scheme members will take up the option for increased lump sum payments.

<b>Scheme History</b>					
					<b>2020</b>
					<b>£'000</b>
Present Values of Liabilities					(6,900)
Fair Value of Scheme Assets					4,045
<b>Surplus/(Deficit) in the Scheme</b>					<b>(2,855)</b>

<b>Basis for Estimating Assets and Liabilities</b>					
The pension fund liabilities have been assessed by the actuaries, Mercer Ltd and the main assumptions used in their calculations are as follows:					
<b>Mortality Assumptions</b>					
Longevity at Age 65 for Current Pensioners:					<b>2019/20</b>
Men					22.4 years
Women					25.2 years
Longevity at Age 65 for Future Pensioners:					
Men					23.9 years
Women					27.0 years

<b>Financial Assumptions</b>					
Rate of CPI Inflation					2.1%
Rate of increase in Salaries					3.4%
Rate of increase in Pensions					2.2%
Discount Rate					2.3%

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. A sensitivity analysis is shown in the table below:

	Central	Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4	Sensitivity 5	
		+ 0.1% pa discount	+ 0.1% pa inflation	+ 0.1% pa pay growth	1 year increase in life expectancy	1 year increase in 2019/20 investment returns	
Disclosure item	£'000	£'000	£'000	£'000	£'000	£'000	£'000
						+1%	-1%
Liabilities	6,900	6,713	7,093	6,939	7,071	6,900	6,900
Assets	(4,045)	(4,045)	(4,045)	(4,045)	(4,045)	(4,091)	(3,999)
Deficit/(Surplus)	2,855	2,668	3,048	2,894	3,026	2,809	2,901
Projected Service Cost for next year	969	937	1,002	969	999	969	969

Projected Net interest Cost for next year	61	59	65	62	65	60	62
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### History of Experience Gains and Losses

The actuarial gains identified as movements on the Pension Reserves can be analysed into the following categories, measured as a percentage of assets or liabilities:

						31 March 2020 %
Differences Between the Expected and Actual Return on Assets						2.7
Experience Gains and Losses on Liabilities						5.4

### Impact on Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. The most recent triennial valuation was completed on 31 March 2019 and sets the contribution rates in respect of the three-year period 2020/21 to 2022/23.

The Authority expects to pay contributions of £420k to the scheme in 2020/21. The weighted average duration of the defined benefit obligation for scheme members was 28 years during 2019/20.

## **Group Accounts**

The Group Accounts, as at 31 March 2020, comprise the accounts of the Authority, together with its subsidiary, the South Yorkshire Passenger Transport Executive, and the SCR Financial Interventions Holding company. During the course of the year, the Authority realised its investment in another subsidiary, SYITA Properties Limited which is now the process of being wound up on a voluntary basis.

All intra-group trading, balances and unrealised gains and losses, at the end of the financial year 2019/20, have been eliminated in full. The Group Accounts have been prepared on a going concern basis.

### **South Yorkshire Passenger Transport Executive**

The Accounts of the South Yorkshire Passenger Transport Executive (SYPTTE) are prepared in accordance with the Accounts and Audit (England) Regulations 2015. These regulations require the Accounts to be prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

The accounting convention of the SYPTTE accounts is principally historic cost, modified by the revaluation of certain categories of assets and liabilities and financial instruments.

SYPTTE has one subsidiary, Supertram Assets Limited, which is non-trading and interest in a joint venture with West Yorkshire Combined Authority, "Yorcard Limited". Neither are material in value and SYPTTE has taken the decision not to consolidate into SYPTTE's Accounts in 2019/20.

Further information about SYPTTE's Accounts is available from the following address:

The Finance Department  
South Yorkshire Passenger Transport Executive  
11 Broad Street West  
Sheffield  
S1 2BQ

### **SCR Financial Interventions Holding Company Ltd**

Further information about SCR Financial Interventions Holding Company is available from the following address:

The Directors  
SCR Financial Interventions Holding Company Ltd  
c/o SCR Mayoral Combined Authority Finance  
11 Broad Street West  
Sheffield  
S1 2BQ

The company is exempt from the requirements of the Companies Act 2006 relating to the audit of subsidiaries companies individual accounts by virtue of the fact that the



Authority, as parent undertaking, has given a guarantee in favour of the company for the year ended 31 March 2020.

The company's registration number is 1964447

### **SYITA Properties Ltd**

The company ceased trading in November 2017 when its business activity and assets and liabilities were transferred to the Authority.

The Authority made the decision that the company should be wound up under a members voluntary liquidation. The final step towards achieving this objective was taken during 2019/20 when the Company Directors agreed to formally place the company into liquidation and make a final distribution to transfer the company's retained profits to the Authority.

Further information about SYITA Properties Ltd is available from the following address:

The Directors  
SYITA Properties Ltd  
c/o SCR Mayoral Combined Authority Finance  
11 Broad Street West  
Sheffield  
S1 2BQ

## **Group Core Financial Statements**

### **Group Movement in Reserves Statement**

This statement shows the movement in the year on the different reserves held by the Group, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The (Surplus)/Deficit on the Provision of Services line shows the true economic cost of providing the Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance. The net (increase)/decrease before transfers to earmarked reserves line shows the statutory General Fund Balance before any discretionary transfers (to) or from earmarked reserves undertaken by the Group.

**Group Movement in Reserves: Usable Reserves**

<b>2019/20</b>						
		<b>General Fund Balance £000</b>	<b>Earmarked General Fund Reserves £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Capital Grants Unapplied Reserve £000</b>	<b>Total Usable Reserves £000</b>
	<b>Note</b>	60	60	60	60	60
<b>Balances at 1 April 2019</b>		<b>(17,428)</b>	<b>(45,550)</b>	<b>(5,325)</b>	<b>(7,245)</b>	<b>(75,548)</b>
Investment in subsidiary realised		1,499	0	0	0	1,499
<b>Movement in reserves during 2019/20:</b>						
(Surplus) / deficit on provision of services	CIES	4,685	0	0	0	4,685
Other Comprehensive (Income) and Expenditure	CIES	0	0	0	0	0
<b>Total Comprehensive (Income) and Expenditure</b>		<b>4,685</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,685</b>
Adjustments between accounting basis and funding basis under regulations	48	(7,062)	0	(14,876)	360	(21,579)
<b>Net (increase) / decrease before transfers to earmarked reserves</b>		<b>(2,377)</b>	<b>0</b>	<b>(14,876)</b>	<b>360</b>	<b>(16,893)</b>
Transfers (to) / from earmarked reserves	49	5,698	(5,370)	107	(435)	0
<b>(Increase) / decrease in year</b>		<b>3,321</b>	<b>(5,370)</b>	<b>(14,769)</b>	<b>(75)</b>	<b>(16,893)</b>
<b>Balance at 31 March 2020</b>		<b>(12,608)</b>	<b>(50,920)</b>	<b>(20,094)</b>	<b>(7,320)</b>	<b>(90,942)</b>

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<b>2018/19</b>						
		<b>General Fund Balance £000</b>	<b>Earmarked General Fund Reserves £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Capital Grants Unapplied Reserve £000</b>	<b>Total Usable Reserves £000</b>
	<b>Note</b>	60	60	60	60	60
<b>Balances at 1 April 2018</b>		<b>(16,176)</b>	<b>(48,793)</b>	<b>(6,603)</b>	<b>(5,315)</b>	<b>(76,887)</b>
Prior Period Adjustment		(1,499)	1,490	0	0	(9)
<b>Movement in reserves during 2018/19:</b>						
(Surplus) / deficit on provision of services	CIES	(15,503)	0	0	0	(15,503)
Other Comprehensive (Income) and Expenditure	CIES	0	0	0	0	0
<b>Total Comprehensive (Income) and Expenditure</b>		<b>(15,503)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(15,503)</b>
Adjustments between accounting basis and funding basis under regulations	48	15,955	0	1,359	(464)	16,850
<b>Net (increase) / decrease before transfers to earmarked reserves</b>		<b>452</b>	<b>0</b>	<b>1,359</b>	<b>(464)</b>	<b>1,347</b>
Transfers (to) / from earmarked reserves	49	(206)	1,753	(81)	(1,466)	0
<b>(Increase) / decrease in year</b>		<b>246</b>	<b>1,753</b>	<b>1,278</b>	<b>(1,930)</b>	<b>1,347</b>
<b>Balance at 31 March 2019</b>		<b>(17,428)</b>	<b>(45,550)</b>	<b>(5,325)</b>	<b>(7,245)</b>	<b>(75,548)</b>

**Group Movement in Reserves: Unusable Reserves and Total Group Reserves**

2019/20									
	Note	Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Deferred Capital Grant Reserve (PTE) £000	Revaluation Reserve £000	Pension Reserve (PTE) £000	Accumulated Absences Reserve (PTE) £000	Unusable Reserves £000	Total Group Reserves £000
<b>Balances transferred in at 1 April 2019</b>		<b>56,759</b>	<b>834</b>	<b>(100,724)</b>	<b>(25,407)</b>	<b>42,454</b>	<b>66</b>	<b>(26,018)</b>	<b>(101,566)</b>
Pension deficit b/f		0	0	0	0	1,943	0	1,943	1,943
Investment in subsidiary realised									1,499
<b>Movement in reserves during 2019/20:</b>									
(Surplus) / deficit on provision of services	CIES	0	0	0	0	0	0	0	4,685
Other Comprehensive (Income) and Expenditure	CIES	0	0	0	(10,682)	(6,553)	0	(17,235)	(17,235)
<b>Total Comprehensive (Income) and Expenditure</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>(10,682)</b>	<b>(6,553)</b>	<b>0</b>	<b>(17,235)</b>	<b>(12,550)</b>
Adjustments between accounting basis and funding basis under regulations	48	19,044	(136)	694	559	1,418	0	21,579	0
<b>Net (increase) / decrease before transfers to earmarked reserves</b>		<b>19,044</b>	<b>(136)</b>	<b>694</b>	<b>559</b>	<b>1,418</b>	<b>0</b>	<b>21,579</b>	<b>0</b>
Transfers (to) / from earmarked reserves		0	0	0	0	0	0	0	0
<b>(Increase) / decrease in year</b>		<b>19,044</b>	<b>(136)</b>	<b>694</b>	<b>(10,123)</b>	<b>(5,135)</b>	<b>0</b>	<b>4,344</b>	<b>(12,550)</b>
<b>Balance at 31 March 2020</b>		<b>75,802</b>	<b>698</b>	<b>(100,030)</b>	<b>(35,530)</b>	<b>39,262</b>	<b>66</b>	<b>(19,732)</b>	<b>(110,674)</b>

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2018/19									
		Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Deferred Capital Grant Reserve (PTE) £000	Revaluation Reserve £000	Pension Reserve (PTE) £000	Accumulated Absences Reserve (PTE) £000	Unusable Reserves £000	Total Group Reserves £000
	<b>Note</b>	61	61	61	61	61	61	61	
<b>Balances transferred in at 1 April 2018</b>		<b>61,254</b>	<b>714</b>	<b>(87,532)</b>	<b>(23,874)</b>	<b>38,617</b>	<b>58</b>	<b>(10,763)</b>	<b>(87,651)</b>
Prior Period Adjustment		9	0	0	0	0	0	9	0
Transferred in from subsidiary									
<b>Movement in reserves during 2018/19:</b>		0	0	0	0	0	0	0	(15,503)
(Surplus) / deficit on provision of services	CIES	0	0	0	(2,001)	3,589	0	1,588	1,588
Other Comprehensive (Income) and Expenditure	CIES	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,001)</b>	<b>3,589</b>	<b>0</b>	<b>1,588</b>	<b>(13,915)</b>
<b>Total Comprehensive (Income) and Expenditure</b>		(4,504)	120	(13,192)	470	248	8	(16,850)	0
Adjustments between accounting basis and funding basis under regulations	48	<b>(4,504)</b>	<b>120</b>	<b>(13,192)</b>	<b>(1,531)</b>	<b>3,837</b>	<b>8</b>	<b>(15,262)</b>	<b>(13,915)</b>
<b>Net (increase) / decrease before transfers to earmarked reserves</b>		0	0	0	0	0	0	0	0
Transfers (to) / from earmarked reserves		<b>(4,504)</b>	<b>120</b>	<b>(13,192)</b>	<b>(1,531)</b>	<b>3,837</b>	<b>8</b>	<b>(15,262)</b>	<b>(13,915)</b>
<b>(Increase) / decrease in year</b>		<b>61,254</b>	<b>714</b>	<b>(87,532)</b>	<b>(23,874)</b>	<b>38,617</b>	<b>58</b>	<b>(10,763)</b>	<b>(87,651)</b>
<b>Balance at 31 March 2019</b>		<b>56,759</b>	<b>834</b>	<b>(100,724)</b>	<b>(25,407)</b>	<b>42,454</b>	<b>66</b>	<b>(26,018)</b>	<b>(101,566)</b>



**Group Consolidated Comprehensive Income and Expenditure Statement**

The Comprehensive Income and Expenditure Statements show the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

2018/19 Restated							2019/20		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Notes	Gross Expenditure £000	Gross Income £000	Net Expenditure £000		
18,405	(83,118)	(64,713)	Transport Authority		25,563	(84,326)	(58,763)		
49,206	(48,177)	1,030	Local Enterprise Partnership		49,867	(49,331)	536		
68,180	(7,493)	60,686	SYPTÉ			(6,933)	63,980		
					70,913				
<b>135,791</b>	<b>(138,788)</b>	<b>(2,997)</b>	<b>(Surplus) / Deficit on Continuing Operations</b>		<b>146,343</b>	<b>(140,590)</b>	<b>5,753</b>		
		(398)	Other Operating Income and Expenditure				(41)		
		0	Gains on disposal of non-current assets				0		
		12,012	Financing and Investment Income	50			9,578		
		(24,120)	Taxation and Non-Specific Grant Income	51			(10,604)		
		<b>(15,503)</b>	<b>(Surplus) / Deficit on Provision of Services</b>				<b>4,686</b>		
		(2,001)	(Surplus) / Deficit on revaluation of non-current assets				(10,682)		
		0	Surplus / deficit on revaluation of available for sale financial assets				0		
		3,589	Actuarial gains / losses on pensions assets / liabilities	72			(6,553)		
		<b>1,588</b>	Other comprehensive income and expenditure				<b>(17,235)</b>		
		<b>(13,915)</b>	<b>(Surplus) / deficit for the year</b>				<b>(12,549)</b>		
		(2,118)	Combined Authority				(1,371)		
		(11,797)	SYPTÉ				(11,178)		
		<b>(13,915)</b>					<b>(12,549)</b>		



## **Group Consolidated Balance Sheet**

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group.

Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Group may use to provide services, subject to the need to maintain a prudent level of reserves, and any statutory limitations on their use. The second category of reserves is unusable reserves, i.e. those that the Group is not able to use to provide services. This category includes reserves that hold unrealised gains and losses where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

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<b>As at 31 March 2019 Restated £000</b>		<b>Notes</b>	<b>As at 31 March 2020 £000</b>
4,582	Investment Property	55	4,129
1,543	Intangible Assets	52	1,482
158,435	Property, Plant and Equipment	53	168,707
60,000	Long-Term Investments	55	45,000
16,477	Long-Term Debtors	55	22,169
<b>241,037</b>	<b>Total Long Term Assets</b>		<b>241,487</b>
65,967	Short-Term Investments	55	91,295
23,753	Short-Term Debtors	56	5,332
81,817	Cash and Cash Equivalents	57	78,442
66	Assets Held for Sale		66
<b>171,603</b>	<b>Current Assets</b>		<b>175,135</b>
<b>412,640</b>	<b>Total Assets</b>		<b>416,622</b>
(4,620)	Short-Term Borrowing	55	(56,928)
(46,226)	Short-Term Creditors	58	(44,718)
(3,418)	Short-Term Provisions	59	(5,215)
(227)	PFI / PPP Finance Lease Liability	71	(246)
(15,816)	Capital Grants Receipts In Advance	68	(14,525)
<b>(70,307)</b>	<b>Current Liabilities</b>		<b>(121,632)</b>
<b>342,333</b>	<b>Total Assets less Current Liabilities</b>		<b>294,990</b>
(187,293)	Long-Term Borrowing	55	(134,281)
0	Long-Term Provisions	59	0
(11,020)	PFI / PPP Finance Lease Liability	71	(10,773)
(42,454)	Net Pension Liability	72	(39,262)
<b>(240,767)</b>	<b>Long Term Liabilities</b>		<b>(184,316)</b>
<b>101,566</b>	<b>Net Assets / (Liabilities)</b>		<b>110,674</b>
(52,519)	Combined Authority		(68,293)
(21,530)	SYPTTE		(22,649)
(1,499)	SYITA		0
<b>(75,548)</b>	<b>Usable Reserves</b>	60	<b>(90,942)</b>
57,593	Combined Authority		73,939
(83,611)	SYPTTE		(93,671)
<b>(26,018)</b>	<b>Unusable Reserves</b>	61	<b>(19,732)</b>
<b>(101,566)</b>	<b>Total Reserves</b>		<b>(110,674)</b>

## Group Consolidated Cash Flow Statement

The Consolidated Cash Flow statement shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Group are funded by way of taxation and grant income or from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

2018/19 £000		Notes	2019/20 £000
15,503	Net surplus or (deficit) on the provision of services		(4,686)
18,713	- Adjustment to surplus or (deficit) on the provision of services for non-cash movements	62	16,702
(55,044)	- Adjustment for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	62	(20,875)
<b>(20,828)</b>	<b>Net cash flow from operating activities</b>		<b>(8,858)</b>
69,505	Investing activities	63	5,710
(6,707)	Financing activities	64	(227)
<b>41,970</b>	<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(3,375)</b>
39,847	Cash and cash equivalents at 1 April	57	81,817
<b>81,817</b>	<b>Cash and cash equivalents at 31 March</b>	57	<b>78,442</b>

## **Notes to the Group Core Financial Statements**

The following notes contain further information to that presented in the main statements. They provide narrative descriptions, disaggregation of items presented in the statements and information about items that do not qualify for recognition in the statements.

### **42. Group Expenditure and Funding Analysis Statement (EFA)**

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by Local Authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.



### 43. Group Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis:

<b>2019/20</b>				
<b>Adjustments from General Fund to arrive at the CIES Amounts</b>	<b>Adjustments for Capital Purposes £000</b>	<b>Net change for the Pensions Adjustment £000</b>	<b>Other Differences £000</b>	<b>Total Adjustments £000</b>
Transport Authority	4,473	0	1,031	5,504
Local Enterprise Partnership	4,073	0	2,486	6,559
Transport Services - PTE	1,613	876		2,489
<b>Net Cost of Services</b>	<b>10,159</b>	<b>876</b>	<b>3,517</b>	<b>14,552</b>
Other income & expenditure from the Expenditure & Funding Analysis	(5,021)	(542)	(1,927)	7,490
<b>Difference between General Fund Surplus / Deficit and CIES Surplus / Deficit on Provision of Services</b>	<b>5,138</b>	<b>334</b>	<b>1,590</b>	<b>7,062</b>

<b>2018/19-Restated</b>				
<b>Adjustments from General Fund to arrive at the CIES Amounts</b>	<b>Adjustments for Capital Purposes £000</b>	<b>Net change for the Pensions Adjustment £000</b>	<b>Other Differences £000</b>	<b>Total Adjustments £000</b>
Transport Authority	10,822	0	1,052	11,873
Local Enterprise Partnership	324	0	3,196	3,519
Transport Services - PTE	(13,178)	248		(12,930)
<b>Net Cost of Services</b>	<b>(2,033)</b>	<b>248</b>	<b>4,248</b>	<b>2,462</b>
Other income & expenditure from the Expenditure & Funding Analysis	(16,984)	0	(1,433)	(18,417)
<b>Difference between General Fund Surplus / Deficit and CIES Surplus / Deficit on Provision of Services</b>	<b>(19,017)</b>	<b>248</b>	<b>2,814</b>	<b>(15,955)</b>

**Adjustments for Capital Purposes** - The statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from income and expenditure as these are not chargeable under generally accepted accounting practices.

**Net Change for the Pensions Adjustments** - IAS 19 Employee Benefits pension related expenditure and income for SYPTTE.

**Other Differences** - Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For Services - adjusted for interest payable/receivable, which is added to the Financing and Investment income and expenditure line under other income & expenditure.
- For Financing and investment income and expenditure the other differences column included soft loans to Rotherham and Barnsley.
- Taxation and non-specific grant income and expenditure – Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year.

#### 44. Group Expenditure and Income Analysed by Nature

The Authority's expenditure and income is analysed as follows:

2018/19 Restated £000		2019/20 £000
	<b>Expenditure:</b>	
12,162	Employee Benefits Expenditure	14,153
193,961	Other Service Expenses	189,523
1,534	Support Service Recharges	1,431
11,934	Depreciation, Amortisation, Impairment	14,247
13,232	Interest Payments	13,214
<b>232,823</b>	<b>Total Expenditure</b>	<b>232,568</b>
	<b>Income:</b>	
(12,158)	Fees, charges & other service income	(12,102)
(4,787)	Interest Investment Income	(7,254)
(231,380)	Government Grants & Contributions	(203,722)
0	Other Income	(4,805)
<b>(248,326)</b>	<b>Total Income</b>	<b>(227,883)</b>
<b>(15,503)</b>	<b>(Surplus) / Deficit on the Provision of Services</b>	<b>4,686</b>

Reconciliation of Income analysed by nature to Comprehensive Income and Expenditure Statement

2019/20	£000
<b>Income as analysed by nature</b>	<b>(227,883)</b>
Interest Investment Income	7,254
Taxation and Specific Grant Income and Other Operating Income	17,090
Elimination of Group Transactions	62,948
<b>Income as part of (Surplus) / Deficit on Continuing Operations in the CIES</b>	<b>(140,591)</b>

2018/19	£000
<b>Income as analysed by nature</b>	<b>(248,326)</b>
Interest Investment Income	4,787
Taxation and Specific Grant Income and Other Operating Income	42,035
Elimination of Group Transactions	62,716
<b>Income as part of (Surplus) / Deficit on Continuing Operations in the CIES</b>	<b>(138,788)</b>

## 45. Group Segmental Income

Income received on a segmental basis is analysed below:

2019/20				
Services:	£000 Fees, Charges & Service	£000 Interest & Investment	£000 Grants & Contributions	£000 Total Income
Transport Authority	0	0	(84,326)	(84,326)
Local Enterprise Partnership	(2,378)	0	(46,953)	(49,331)
		0	0	0
Corporate	(538)	(4,882)	(5,021)	(10,421)
SYPTÉ	(9,508)	(1,854)	(72,443)	(83,805)
<b>Total Income</b>	<b>(12,424)</b>	<b>(6,716)</b>	<b>(208,743)</b>	<b>(227,883)</b>

2018/19				
Services:	£000 Fees, Charges & Service	£000 Interest & Investment	£000 Grants & Contributions	£000 Total Income
Transport Authority	0	0	(83,118)	(83,118)
Local Enterprise Partnership	(1,671)	0	(46,506)	(48,177)
Transport for the North		0	0	0
Corporate	(210)	(4,685)	(16,984)	(21,879)
SYPTÉ	(10,499)	(102)	(84,551)	(95,152)
<b>Total Income</b>	<b>(12,380)</b>	<b>(4,787)</b>	<b>(231,160)</b>	<b>(248,326)</b>

The Authority does not internally report on the assets and liabilities of individual segments. Therefore, segmental analysis for these is not required to be disclosed.

## 46. Group Accounting Policies

The Accounting Policies of the Authority disclosed in Note 5 to the single entity accounts apply to the Group. These have been adapted or added to where necessary, where the transactions of Group entities are not present in the Authority's accounts or where a different treatment is required due to an entity being subject to a different financial framework. This principally applies to SYPTÉ.

The significant group accounting policies that are additional to or adapted are summarised below.



## **XXII. Government Grants and Other Contributions**

The principles for recognising and accounting for revenue and capital grants are the same as in the single entity accounts.

However, in the case of SYPTE, following initial recognition, capital grants are transferred out of the Operational Revenue Reserve and credited to the Deferred Grants Reserve, if applied for financing, or to the Capital Grants Unapplied Reserves if unapplied.

Transfers are made from the Deferred Capital Grants reserve back to the Operational Revenue Reserve in line with the rate at which economic benefits from the use of the related asset are consumed and charged to revenue.

## **XXIII. Revenue Expenditure Funded from Capital under Statute**

SYPTE incurs expenditure on third party assets not in its ownership, for example, rail and highway infrastructure, and makes capital grants to community transport operators to support their operations. Such expenditure is charged to the CIES in full in the year it is incurred.

In the Authority's single entity accounts this expenditure is reversed out through Movement in Reserves to the Capital Adjustment Account.

However, SYPTE is not a local authority under local authority capital finance and accounting regulations and cannot therefore reverse such charges out from the Operational Revenue Reserve.

They therefore represent a proper charge to be met by the transport levy and other sources of revenue.

Where financed by capital grants, a transfer is made from the Deferred Capital Grants reserve back to the Operational Revenue Reserve to offset the charge made in the year as explained in Accounting Policy VIII above.

## **XXIV. Property, Plant and Equipment**

### **Charges to Revenue for Non-Current Assets – Depreciation, Amortisation, Impairment and Revaluation Losses and Gains**

The amounts charged to revenue for depreciation, amortisation, impairment revaluation gains and losses, are determined in accordance with proper accounting practice as for the single entity accounts.

However, SYPTE is not a local authority under local authority capital finance and accounting regulations and cannot therefore reverse such charges from the Operational Revenue Reserve to a Capital Adjustment Account as the Authority does.

They therefore represent a proper charge to be met by the transport levy and other sources of revenue.

Where financed by capital grants, a transfer is made from the Deferred Capital Grants reserve back to the Operational Revenue Reserve to offset the charge made in the year as explained in Accounting Policy VIII above.

### **Disposals and Non-Current Assets Held for Sale**

SYPTE has voluntarily adopted a policy of transferring sales proceeds from the disposal of non-current assets to a Capital Receipts Reserve to mirror the treatment in the Authority's accounts.

The Capital Receipts Reserve is used by SYPTE to finance new capital investment and offset charges to revenue for related assets in a similar way to the Deferred Capital Grants Reserve.

## **XXV. Employee Benefits**

The principles for accounting for benefits payable in employment and termination benefits are the same as in the single entity accounts.

### **Post-Employment Benefits**

SYPTE has a continuing responsibility for any payments to the Fund in respect of service up to 25 October 1986 for all staff employed by SYPTE up to that date. The responsibility includes all staff that transferred to South Yorkshire Transport Limited as a consequence of the Transport Act 1985. For service from 26 October 1986 onwards SYPTE is only responsible to payments for the Fund in respect of its own directly employed staff. The annual cost of this responsibility is charged to the revenue account under Pension and Non-recurring costs.

The balance on the Pensions Reserve is a measure of the beneficial impact on the Operational Revenue Reserve of accounting for retirement benefits on a statutory basis rather than IAS 19.

### **Discretionary Benefits**

SYPTE also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

### **Short Term Accumulated Absences**

SYPTE accrues for the cost of holiday entitlements and other forms of short term accumulated absences earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following financial year, being the period in which the employee takes the benefit.

The accrual is charged to the CIES, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

### **Private Finance Initiative (PFI) transactions**

SYPTE's PFI scheme for the provision and operation of Doncaster Interchange meets the definition of a service concession under IFRIC 12 (Service Concession Arrangements).

Accordingly, SYPTE recognises the underlying value the asset within non-current assets on the Balance Sheet.

On initial recognition, a corresponding PFI liability for the amounts due to the PFI operator to pay for the assets.

The amounts payable to the PFI operators each year are analysed as follows:

- Fair value of the services received during the year – this is charged to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance Cost – an interest charge on the outstanding PFI liability is charged to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement.
- Contingent Rent – increases in the amount to be paid for the property arising during the contract are charged to the Comprehensive Income and Expenditure Statement.
- Payment Towards Liability – applied to write down the PFI liability.
- Lifecycle Replacement Costs – where these represent payments to maintain the asset rather than being a fixed asset addition they are charged to the relevant service in the Comprehensive Income and Expenditure Statement.

The PFI asset is revalued and depreciated in the same way as property, plant and equipment owned by SYPTE.

The Government Grant which helps to finance the PFI scheme is held and managed by the Authority and paid to SYPTE as liabilities arise.

## **XXVI. Financial Instruments**

SYPTE account for Financial liabilities at amortised cost in the same way as in the single entity accounts as described in Accounting Policy VII using the effective rate of interest.

In the Authority's accounts the difference between interest determined at the effective rate and actual interest rate is adjusted for through Movement in Reserves to the Financial Instrument Adjustment Account.

As SYPTE is not a local authority, no such adjustment is made in SYPTE's accounts.

## **Corporation Tax**

SYPTTE is a body corporate and subject to Corporation Tax on its taxable profits.

### **47. Assumptions Made About The Future and Other Major Sources of Estimation Uncertainty**

The main sources of uncertainty affecting the Group are disclosed in Note 8 of the single entity accounts,

**48. Group Adjustments between Accounting Basis and Funding Under Regulation**

2019/20						
	General Fund Balance £000	Capital Receipt Reserves £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
<b>Reversal of items debited or credited to the CIES:</b>						
Capital grants and contributions credited to the CIES	61,560	0	0	61,560	(61,560)	0
Application of grants and contributions to capital financing from the Capital Grants Unapplied Reserve	0	0	0	0	0	0
Application of grants and contributions to capital financing transferred to Capital Adjustment Account	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	(68,246)	0	0	(68,246)	68,246	0
Finance costs	136	0	0	136	(136)	0
Other movements	(6,065)	0	359	(5,706)	5,706	0
<b>Insertion of items not debited or credited to the CIES:</b>						
Statutory provision for repayment of debt (MRP)	3,161	0	0	3,161	(3,161)	0
Employers contribution to Pension Scheme	1,034	0	0	1,034	(1,034)	0
Direct Revenue Financing	0	0	0	0	0	0
Transfer year one pension prepayment	1,358	0	0	1,358	(1,358)	0
<b>Capital Financing:</b>						
Use of Capital Receipts Reserve to finance new capital expenditure	0	(14,876)	0	(14,876)	14,876	0
<b>Other:</b>						
Adjustment for the difference between fair value depreciation and historical cost	0	0	0	0	0	0
Transfer to Accumulating Absences Account	0	0	0	0	0	0
Grants received and receivable during the year	0	0	0	0	0	0
Grants released to Operational Revenue Reserve	0	0	0	0	0	0
Release to Revaluation Reserve	0	0	0	0	0	0
Other Movements	0	0	0	0	0	0
<b>Total</b>	<b>(7,062)</b>	<b>(14,876)</b>	<b>359</b>	<b>(21,579)</b>	<b>21,579</b>	<b>0</b>

<b>2018/19</b>						
	<b>General Fund Balance £000</b>	<b>Capital Receipt Reserves £000</b>	<b>Capital Grants Unapplied £000</b>	<b>Total Usable Reserves £000</b>	<b>Unusable Reserves £000</b>	<b>Total Authority Reserves £000</b>
<b>Reversal of items debited or credited to the CIES:</b>						
Capital grants and contributions credited to the CIES	69,041	0	0	69,041	(69,041)	<b>0</b>
Application of grants and contributions to capital financing from the Capital Grants Unapplied Reserve	0	0	0	0	0	<b>0</b>
Application of grants and contributions to capital financing transferred to Capital Adjustment Account	0	0	0	0	0	<b>0</b>
Revenue expenditure funded from capital under statute	(66,890)	0	0	(66,890)	66,890	<b>0</b>
Finance costs	(120)	0	0	(120)	120	<b>0</b>
Other movements	7,323	0	(464)	6,859	(6,859)	<b>0</b>
<b>Insertion of items not debited or credited to the CIES:</b>						
Statutory provision for repayment of debt (MRP)	3,145	0	0	3,145	(3,145)	0
Employers contribution to Pension Scheme	1,583	0	0	1,583	(1,583)	0
Direct Revenue Financing	544	0	0	544	(544)	0
Transfer year one pension prepayment	1,329	0	0	1,329	(1,329)	0
<b>Capital Financing:</b>						
Use of Capital Receipts Reserve to finance new capital expenditure	0	1,359	0	1,359	(1,359)	0
<b>Other:</b>						
Adjustment for the difference between fair value depreciation and historical cost	0	0	0	0	0	0
Transfer to Accumulating Absences Account	0	0	0	0	0	0
Grants received and receivable during the year	0	0	0	0	0	0
Grants released to Operational Revenue Reserve	0	0	0	0	0	0
Release to Revaluation Reserve	0	0	0	0	0	0
Other Movements	0	0	0	0	0	0
<b>Total</b>	<b>15,955</b>	<b>1,359</b>	<b>(464)</b>	<b>16,850</b>	<b>(16,850)</b>	<b>0</b>

**49. Group Transfers (To)/From Earmarked Reserves**

This note sets out the amounts set aside from the Group General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure during the year.

	Note	1 April 2018 £000	Transfer Out 2018/19 £000	Transfer In 2018/19 £000	Total Movements £000	31 March 2019 £000	Transfer Out 2019/20 £000	Transfer In 2019/20 £000	Total Movements £000	31 March 2020 £000
<b>Combined Authority:</b>										
<i>Revenue Grants and Contributions:</i>										
- Apprenticeship Grant for Employers	60	(107)	0	0	0	(107)	0	0	0	(107)
<i>Other Earmarked Revenue Reserves:</i>										
- PFI Revenue Reserve	60	(8,375)	0	(1,435)	(1,435)	(9,810)	0	(1,348)	(1,348)	(11,158)
- Local Growth Fund Reserve	60	(2,448)	793	0	793	(1,655)	13	0	13	(1,642)
- Levy Reduction Reserve		(29,564)	4,473	0	4,473	(25,091)	5,571	0	5,571	(19,520)
Mayoral Elections		(1,355)	1,122	0	1,122	(233)	0	(675)	(675)	(908)
Other Reserves		(360)	360	(29)	331	(28)	0	0	0	(28)
Properties Reserves		16	0	(16)	(16)	0	0	0	0	0
Mayoral Capacity fund		0	0	0	0	0	0	(908)	(908)	(908)
Skills Bank Reserves		0	0	(1,680)	(1,680)	(1,680)	0	(3,397)	(3,397)	(5,077)
Skills Bank Reserves		0	0	(1,110)	(1,110)	(1,110)	0	0	0	(1,110)
Business Rate		0	0	(844)	(844)	(844)	0	(153)	(153)	(997)
<b>SYPTE:</b>										
Earmarked Revenue Reserve	60	(5,110)	118	0	118	(4,991)	26	(4,500)	(4,474)	(9,465)
<b>Total</b>		(47,303)	6,866	(5,114)	1,753	(45,550)	5,610	(10,981)	(5,370)	(50,920)

## 50. Group Financing and Investment Income and Expenditure

The following table provides a breakdown of Financing and investment income and Expenditure:-

2018/19		2019/20
£000		£000
13,232	Interest payable and similar charges	13,214
(2,923)	Interest receivable and similar income	(5,771)
<b>10,309</b>		<b>7,443</b>
1,703	Pensions – Interest payable	2,135
<b>12,012</b>	<b>Total</b>	<b>9,578</b>

## 51. Group Taxation and Non-Specific Grant Income

The following table provides an analysis of Taxation and Non-Specific Grant Income:

2018/19		2019/20
£000		£000
	<b>Non ring-fenced grants:</b>	
(16,984)	DCLG-Capital grants	(5,021)
(0)	DCLG-PFI grant	(3,209)
(4,012)	Department for Transport	0
(2,057)	Better Bus Area	0
(1,067)	Other	(2,374)
<b>(24,120)</b>	<b>Total</b>	<b>(10,604)</b>

## 52. Group Intangible Assets

The following is an analysis of Intangible Assets:

2018/19		2019/20
£000		£000
	<b>Cost or valuation:</b>	
183	At 1 April - PTE	61
(122)	Amortisation - PTE	(61)
1,482	Combined Authority	1,482
0	Amortisation - CA	0
<b>1,543</b>	<b>At 31 March</b>	<b>1,482</b>



**53. Group Property Plant and Equipment**

Movements on Balances:

2019/20	Land and Buildings £000	Infrastructure (Light Railway System) £000	Vehicles, Plant and Equipment £000	Assets Under Construction £000	Total PPE £000	PFI Assets included in Land & Buildings £000
<b>Cost or Valuation:</b>						
At 1 April 2019	87,423	97,186	23,440	14,186	222,236	12,080
Adjustment to opening balance	(942)	0	0	0	(942)	
Additions - programmed investment	356	5,027	234	0	5,617	0
Reclassify Fixed Assets	14,186	0	0	(14,186)	0	0
Revaluation increases / (decreases)	10,014	0	0	0	10,014	(340)
De-recognition – disposals	0	0	0	0	0	0
Other movements	(789)	0	0	0	(789)	
<b>At 31 March 2020</b>	<b>110,248</b>	<b>102,213</b>	<b>23,674</b>	<b>0</b>	<b>236,135</b>	<b>11,740</b>
<b>Accumulated Depreciation and Impairment:</b>						
At 1 April 2019	(2,114)	(41,411)	(20,275)	0	(63,800)	0
Adjustment to opening balance	0	0	0	0	0	0
Depreciation Charge	1005	0	0	0	1005	0
De-recognition – Disposals	(2,807)	(4,517)	(454)	0	(7,778)	(366)
De-recognition - other	0	0	0	0	0	0
Revaluation adjustments	0	0	0	0	0	0
Other movements	2,190	0	0	0	2,190	366
	953	0	0	0	953	0
<b>At 31 March 2020</b>	<b>(773)</b>	<b>(45,928)</b>	<b>(20,729)</b>	<b>0</b>	<b>(67,430)</b>	<b>0</b>
<b>Net Book Value</b>						
As at 1 April 2019	85,309	55,775	3,165	14,186	158,435	12,080
As at 31 March 2020	109,475	56,285	2,945	0	168,707	11,740

<b>2018/19-Restated</b>						
	<b>Land and Buildings £000</b>	<b>Infrastructure (Light Railway System) £000</b>	<b>Vehicles, Plant and Equipment £000</b>	<b>Assets Under Construction £000</b>	<b>Total PPE £000</b>	<b>PFI Assets included in Land &amp; Buildings £000</b>
<b>Cost or Valuation:</b>						
At 1 April 2018	<b>89,195</b>	<b>59,965</b>	<b>22,595</b>	<b>31,856</b>	<b>203,611</b>	<b>11,830</b>
Additions - programmed investment	0	5,365	826	11836	18,028	0
	(2,369)	31,856	19	(29,506)	0	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	597	0	0	0	597	250
De-recognition – disposals	0	0	0	0	0	0
<b>At 31 March 2019</b>	<b>87,423</b>	<b>97,186</b>	<b>23,440</b>	<b>14,186</b>	<b>222,236</b>	<b>12,080</b>
<b>Accumulated Depreciation and Impairment:</b>						
At 1 April 2018	<b>(1,685)</b>	<b>(37,144)</b>	<b>(19,882)</b>	0	<b>(58,712)</b>	<b>0</b>
Depreciation Charge	(2,326)	(4,266)	(391)	0	(6,983)	0
De-recognition – Disposals	0	0	(2)	0	(2)	0
De-recognition - other	1,353	0	0	0	1,353	0
Revaluation adjustments	544	0	0	0	544	0
<b>At 31 March 2019</b>	<b>(2,114)</b>	<b>(41,411)</b>	<b>(20,275)</b>	<b>0</b>	<b>(63,800)</b>	<b>0</b>
<b>Net Book Value</b>						
As at 1 April 2018	<b>87,473</b>	<b>22,820</b>	<b>2,713</b>	<b>31,857</b>	<b>144,863</b>	<b>11,830</b>
As at 31 March 2019	<b>85,309</b>	<b>55,775</b>	<b>3,165</b>	<b>14,186</b>	<b>158,435</b>	<b>12,080</b>

#### 54. Group Investment Properties

The following is an analysis of Investment Properties:

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>	<b>Cost or valuation:</b>	<b>£000</b>
<b>4,482</b>	<b>At 1 April</b>	<b>4,582</b>
100	Revaluation	(453)
0	Disposals	0
<b>4,582</b>	<b>At 31 March</b>	<b>4,129</b>

The assets held as Investment Properties are held to earn rentals or capital appreciation or both, rather than for use in the production or supply of goods or services for administrative purposes or for sale in the ordinary course of business.

## Fair Value Hierarchy

Details of the Group’s investment properties and information about the fair value hierarchy as at 31 March 2020 are as follows:

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2019 £000
SYPTTE	-	1,275	-	1,275
Combined Authority	-	2,854	-	2,854
<b>Total</b>	-	<b>4,129</b>	-	<b>4,129</b>

There were no transfers between Levels during the year.

All assets classified as Investment Properties have been done so under the Fair Value Model as defined under IAS 40 Investment Properties.

## Valuation Techniques Used to Determine Level 2 Fair Values for Investment Properties

### Significant Observable Inputs – Level 2

The fair value for the Investment Properties have been categorised at Level 2 in the fair value hierarchy as both are subject to estimation based on comparable properties at market value.

### Highest and Best Use of Investment Properties

In estimating the fair value of the Mayoral Combined Authority’s Investment Properties, the highest and best use of the properties is their current use.

### Valuation Techniques

There has been no change in the valuation techniques used during the year for Investment Properties.

## Valuation Process for Investment Properties

Valuations have been carried out by a professional valuer in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

**55. Group Financial Instruments**

**Categories of Financial Instruments**

The following categories of financial instrument are carried in the Group Balance Sheet:

	Long Term		Current	
	31 March 2019 £'000	31 March 2020 £'000	31 March 2019 £'000	31 March 2020 £'000
<b>Investments at amortised cost</b>	60,000	45,000	65,967	91,295
<b>Long term Debtors at amortised cost</b>	16,477	22,169	0	0
<b>Cash and cash equivalents</b>	0	0	81,817	81,471
<b>Borrowings at amortised cost</b>	(187,293)	(134,281)	(4,620)	(56,928)
<b>Other Liabilities - PFI</b>	(11,020)	(10,773)	(227)	(246)

The Financial Instrument gains and losses recognised in the Group Comprehensive Income and Expenditure Statement are:

	Financial Liabilities	Financial Assets	Total
2019/20	At amortised cost £'000	At amortised cost £'000	£'000
<b>Income, Expense, Gains and Losses</b>			
Interest expense – debt	12,172	0	12,172
Interest expense - PFI	982	0	982
Changes in fair value	(11)	0	(11)
Impairment losses/(gains)	0	0	0
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>13,143</b>	<b>0</b>	<b>13,143</b>
Interest income	0	(2,862)	(2,862)
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>(2,862)</b>	<b>(2,862)</b>
<b>Net gain/(loss) for the year</b>	<b>13,143</b>	<b>(2,862)</b>	<b>10,281</b>

	<b>Financial Liabilities</b>	<b>Financial Assets</b>	<b>Total</b>
<b>2018/19</b>	<b>At amortised cost</b>	<b>At amortised cost</b>	
<b>Income, Expense, Gains and Losses</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Interest expense – debt	(12,232)	0	(12,232)
Interest expense - PFI	(1,000)	0	(1,000)
Reductions in fair value	0	0	0
Impairment losses/(gains)	0	(232)	(232)
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>(13,232)</b>	<b>(232)</b>	<b>(13,464)</b>
Interest income	0	2,725	2,725
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>2,725</b>	<b>2,725</b>
<b>Net gain/(loss) for the year</b>	<b>(13,232)</b>	<b>2,493</b>	<b>(10,739)</b>

### Fair Value of Assets and Liabilities

The Financial liabilities and financial assets reported in the Group Balance Sheet are all shown at amortised cost.

Their fair value has been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the assumptions set out in Note 20 to the single entity accounts.

### Fair Value of Financial Liabilities

#### Fair Value of Financial Liabilities Carried at Amortised Cost-New Borrowing (Certainty) Rate

	<b>2018/19</b>		<b>2019/20</b>	
	<b>Carrying value</b>	<b>Fair value</b>	<b>Carrying value</b>	<b>Fair value</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
PWLB	(166,375)	(205,990)	(166,375)	(190,681)
Market loans	(20,918)	(31,415)	(20,000)	(29,786)
Doncaster Interchange PFI	(11,246)	(11,246)	(11,019)	(11,019)
Short term borrowing / accrued interest	(4,620)	(4,620)	(4,833)	(4,833)
<b>Total Financial Liabilities</b>	<b>(203,159)</b>	<b>(253,271)</b>	<b>(202,227)</b>	<b>(236,319)</b>

**Fair Value of Financial Liabilities Carried at Amortised Cost- Premature Repayment Rate**

	<b>2018/19</b>		<b>2019/20</b>	
	<b>Carrying value</b>	<b>Fair value</b>	<b>Carrying value</b>	<b>Fair value</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
PWLB	(166,375)	(205,990)	(166,375)	(204,876)
Market loans	(20,918)	(31,415)	(20,000)	(44,549)
Doncaster Interchange PFI	(11,246)	(11,246)	(11,019)	(11,019)
Short term borrowing / accrued interest	(4,620)	(4,620)	(4,833)	(4,833)
<b>Total Financial Liabilities</b>	<b>(203,159)</b>	<b>(253,271)</b>	<b>(202,227)</b>	<b>(260,444)</b>

The fair value of the liabilities is higher than the carrying amount because the Group's portfolio of loans includes a number of fixed rate loans where the interest payable is higher than the prevailing rates at the Balance Sheet date.

The maturity analysis of financial liabilities excluding PFI liabilities is as follows:

	<b>31 March 2019</b>	<b>31 March 2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Less than one year</b>	(4,620)	(57,833)
<b>Between one and two years</b>	(53,000)	(7,975)
<b>Between two and five years</b>	(66,375)	(62,400)
<b>More than five years</b>	(67,918)	(63,000)
	<b>(191,913)</b>	<b>(191,208)</b>

**56. Group Short Term Debtors**

The following is an analysis of Debtors:

<b>31 March 2019</b>		<b>31 March 2020</b>
<b>£000</b>		<b>£000</b>
3,225	Trade Customers	2,961
150	Receivables from Related Parties	802
0	Prepayments	0
20,378	Other Entities and Individuals	1,569
<b>23,753</b>	<b>Total</b>	<b>5,332</b>

### 57. Group Cash & Cash Equivalents

31 March 2019 £'000		31 March 2020 £'000
	<b>Cash:</b>	
(11,220)	Combined Authority	(9,801)
299	PTE	558
9,599	FIHC	6,214
<b>(1,322)</b>		<b>(3,029)</b>
	<b>Cash Equivalents:</b>	
78,861	Combined Authority	81,471
4,278	PTE	0
0	FIHC	0
<b>83,139</b>		<b>81,471</b>
	<b>Cash &amp; Cash Equivalents:</b>	
67,641	Combined Authority	71,670
4,577	PTE	558
9,599	FIHC	6,214
<b>81,817</b>	<b>Total</b>	<b>78,442</b>

### 58. Group Short Term Creditors

The following table shows an analysis of Short Term Creditors:

31 March 2019 £000		31 March 2020 £000
(11,831)	Trade Creditors	(3,687)
(17,338)	Related Parties Creditors	(25,514)
(3,010)	Deferred Incomes	(2,087)
(14,047)	Other Creditors	(13,430)
<b>(46,226)</b>	<b>Total</b>	<b>(44,718)</b>

### 59. Group Provisions

The following table shows an analysis of Provisions:

31 March 2019 £000		31 March 2020 £000
(2,551)	Opening Balance	(3,418)
(867)	Charge to Income and Expenditure Account during the year	(1,797)
<b>(3,418)</b>	<b>Total</b>	<b>(5,215)</b>
	<b>Split by:</b>	
(1,460)	Combined Authority	(2,144)
(1,958)	SYPTTE	(3,071)
<b>(3,418)</b>	<b>Short-Term</b>	<b>(5,215)</b>
0	Combined Authority	0
0	SYPTTE	0
<b>0</b>	<b>Long-Term</b>	<b>0</b>

**60. Group Usable Reserves**

The following table summarises the Usable Reserves balances. Movements in the Group's usable reserves are shown in the Movement in Reserves Statement.

<b>31 March 2020</b>				
	<b>Combined Authority</b>	<b>SYPTE</b>	<b>SYITA</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
General Fund	(7,657)	0	0	(7,657)
Earmarked Reserves	(41,455)	(9,465)	0	(50,920)
Retained profits	0	0	0	0
Capital Receipts Reserve	(19,181)	(914)	0	(20,095)
Capital Grants Unapplied	0	(7,320)	0	(7,320)
Operational Revenue Reserve	0	(4,950)	0	(4,950)
<b>Total</b>	<b>(68,293)</b>	<b>(22,649)</b>	<b>0</b>	<b>(90,942)</b>

<b>31 March 2019</b>				
	<b>Combined Authority</b>	<b>SYPTE</b>	<b>SYITA</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
General Fund	(7,657)	0	0	(7,657)
Earmarked Reserves	(40,558)	(4,991)	0	(45,549)
Retained profits	0	0	(1,499)	(1,499)
Capital Receipts Reserve	(4,304)	(1,021)	0	(5,325)
Capital Grants Unapplied	0	(7,245)	0	(7,245)
Operational Revenue Reserve	0	(8,273)	0	(8,273)
<b>Total</b>	<b>(52,519)</b>	<b>(21,530)</b>	<b>(1,499)</b>	<b>(75,548)</b>

**61. Group Unusable Reserves**

The following table summarises the Unusable Reserves balances. Movements in the Group's unusable reserves are shown in the Movement in Reserves Statement:

<b>31 March 2020</b>			
	<b>Combined Authority</b>	<b>SYPTE</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Capital Adjustment Account	75,802	0	75,802
Financial Instruments Account	699	0	699
Deferred Capital Grants and Contributions	0	(100,031)	(100,031)
Pension Reserve	2,855	36,407	39,262
Revaluation Reserve	(5,417)	(30,113)	(35,529)
Accumulated Absence Reserve	0	67	67
<b>Total</b>	<b>73,939</b>	<b>(93,670)</b>	<b>(19,732)</b>



<b>31 March 2019 – Comparative Information</b>			
	<b>Combined Authority</b>	<b>SYLTE</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Capital Adjustment Account	56,759	0	56,759
Financial Instruments Account	834	0	834
Deferred Capital Grants and Contributions	0	(100,724)	(100,724)
Pension Reserve	0	42,454	42,454
Revaluation Reserve	0	(25,407)	(25,407)
Accumulated Absence Reserve	0	66	66
<b>Total</b>	<b>57,593</b>	<b>(83,611)</b>	<b>(26,018)</b>

## 62. Group Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
3,060	Interest Received	3,076
(10,099)	Interest Paid	(13,154)
<b>(7,039)</b>	<b>Total</b>	<b>(10,078)</b>

The surplus or (deficit) on the provision of services has been adjusted for the following non-cash movements:

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
5,102	Depreciation	7,840
0	Impairment and downward valuations	552
5,201	Amortisation	6,333
(3)	Increase / (decrease) in impairment for bad debts	0
(10,016)	Increase / (decrease) in creditors	1,502
14,303	(Increase) / decrease in debtors	(290)
977	Movement in pension liability	1,418
3,149	Other non-cash items charged to the net surplus or deficit on the provision of services	(653)
<b>18,713</b>	<b>Total</b>	<b>16,702</b>

The surplus or (deficit) on the provision of services has been adjusted for the following items that are investing and financing activities:

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(9,304)

(13,192)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0
(41,852)	Any other items for which the cash effects are investing or financing cash flows	(11,571)
<b>(55,044)</b>	<b>Total</b>	<b>(20,875)</b>

### 63. Group Cash Flow Statement – Investing Activities

The cash flows for investing activities include the following items:

2018/19		2019/20
£000		£000
(23,764)	Purchase of property, plant and equipment, investments property and intangible assets	(11,950)
(195,318)	Purchase of short-term and long-term investments	(25,500)
(15,965)	Other payments for investing activities	(5,021)
262,818	Proceeds from short-term and long-term investments	24,304
41,734	Other receipts from investment activities	23,877
<b>69,505</b>	<b>Total</b>	<b>5,710</b>

### 64. Group Cash Flow Statement – Financing Activities

The cash flows for financing activities include the following items:

2018/19		2019/20
£000		£000
(207)	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(227)
(6,500)	Repayments of short and long-term borrowing	0
<b>(6,707)</b>	<b>Total</b>	<b>(227)</b>

### 65. Group Officers' Remuneration

Under the Accounts and Audit Regulations 2015, Local Authorities are required to disclose information on their employees' remuneration in two sections.

The first section provides details of those officers defined in the Regulations as senior employees whose salary is above £50,000 per annum. Senior employees are typically categorised as Statutory Chief Officers or Non-Statutory Chief Officers. The latter category typically includes those officers who report directly to the Chief Executive (excluding those whose duties are solely secretarial). In addition, those senior officers whose salary is above £150,000 are required to be named in this section.

The second section discloses the numbers of other staff whose total remuneration (i.e. salary plus overtime and allowances, etc. but excluding employers' pension contributions) is above £50,000.

Group senior officers

<b>2019/20</b>					
<b>Post Holder Information</b>	<b>Salary - including Fees and Allowances</b>	<b>Expenses Allowances</b>	<b>Compensation for Loss of Office</b>	<b>Pension Contributions</b>	<b>Total Remuneration including Pension Contributions</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Dr Dave Smith- Chief Executive (Head of paid service (CA))	186,170	250	0	0	186,420
Deputy Chief Executive (CA)	107,128	175	0	15,748	123,051
Director of Transport, Infrastructure & Housing (CA)	99,628	75	0	14,645	114,348
Director of Governance and Mayor's Office	68,219	0	0	10,028	78,247
Interim Group Chief Financial Officer	57,333	0	0	8,869	66,202
Executive Director (PTE)	106,131	0	0	14,858	120,989
Director of Customer Services (PTE)	90,000	0	0	12,600	102,600
Interim Head of Financial Services (PTE)	26,596	16	0	3,723	30,335
Group Principal Solicitor & Monitoring officer (PTE)	86,650	0	0	12,131	98,781
<b>Total</b>	<b>827,855</b>	<b>516</b>	<b>0</b>	<b>92,602</b>	<b>920,973</b>

<b>2018/19</b>					
<b>Post Holder Information</b>	<b>Salary - including Fees and Allowances</b>	<b>Expenses Allowances</b>	<b>Compensation for Loss of Office</b>	<b>Pension Contributions</b>	<b>Total Remuneration including Pension Contributions</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Dr Dave Smith- Managing Director (Director of paid service (CA))	192,449	0	0	0	192,449
Deputy Managing Director (CA)	103,528	0	0	15,214	118,742
Director of Programme Commission (CA)	95,997	0	0	14,112	110,109
Executive Director (PTE)	104,050	0	0	13,943	117,993
Director of Public Transport (PTE)	56,495	187	0	7,570	64,252
Director of Customer Services (PTE)	82,416	0	0	11,044	93,460
Interim Head of Financial Services (PTE)	62,985	76	0	8,440	71,501
Principal Solicitor & Secretary (PTE)	80,353	0	0	10,767	91,121
<b>Total</b>	<b>778,273</b>	<b>263</b>	<b>0</b>	<b>81,090</b>	<b>859,626</b>

Further detail of Authority senior officer's remuneration is provided in Note 36.

SYPTe's Interim Head of Financial Services left the organisation on 30 August 2019.

Higher paid Employees

2018/19	Remuneration Band	2019/20
Total		Total
6	£50,000 - 54,999	7
9	£55,000 - 59,999	3
5	£60,000 - 64,999	11
0	£65,000 - 69,999	0
0	£70,000 - 74,999	0
0	£75,000 - 79,999	0
0	£75,000 - 79,999	0
2	£80,000 - 84,999	0
0	£85,000 - 89,999	1
0	£90,000 - 94,999	1
1	£100,000 - 104,999	0
0	£105,000 - 105,999	1
<b>23</b>	<b>Total</b>	<b>24</b>

**66. Group Termination Benefits**

The number of exit packages and total cost per band are set out in the table below:

2018/2019				Exit Package cost band (including special payments)	2019/20			
Number of Compulsory Redundancies	Number of Other Departures	Total number of exit packages by cost band	Number of Compulsory Redundancies		Number of Compulsory Redundancies	Number of Other Departures	Total number of exit packages by cost band	Total cost of exit packages in each band £000
0	0	0	0	£0 - £20,000	0	2	0	5
0	0	0	0	£20,001 - £40,000	0	0	0	0
0	0	0	0	£40,001 - £60,000	0	0	0	0
0	0	0	0	£60,001 - £80,000	0	0	0	0
0	0	0	0	£80,001 - £100,000	0	0	0	0
0	0	0	0	£100,001 - £150,000	0	0	0	0
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Total</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>5</b>

## 67. Group External Audit Fees

The following fees were paid to the Auditors of the Group members:

2018/19 £000		2019/20 £000
29	Combined Authority	29
28	South Yorkshire Passenger Transport Executive	28
<b>57</b>	<b>Total</b>	<b>57</b>

The costs were in relation to the following services provided by the External Auditors:

2018/19 £000		2019/20 £000
57	Fees payable with regard to external audit services carried out by the appointed auditor	57
0	Additional work carried out	0
<b>57</b>	<b>Total</b>	<b>57</b>

## 68. Group Grant Income

The Group credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

2018/19 £000		2019/20 £000
	<b>Credited to Services:</b>	
(33,680)	Ministry of Housing, Communities and Local Government	(36,489)
(26,639)	Department for Transport	(28,741)
(3,173)	Department for Education and Skills Funding Agency	(3,754)
(625)	Department for Business, Energy & Industrial Strategy	(354)
(160)	Careers Enterprise Company	(76)
(3,966)	Department for Health and Social Care	(2,698)
(60,797)	English Local Government	(58,864)
(323)	Cabinet Office	(94)
(261)	Other	(209)
<b>(129,624)</b>		<b>(131,279)</b>
	<b>Credited to Taxation and Non Specific Grant Income:</b>	
	<i>Non-ring fenced Government Grants:</i>	
(16,984)	Department of Housing, Communities and Local Government	(5,021)
(6,069)	Department for Transport	(3,209)
(1,067)	European Regional Development Fund / Other	(2,375)
<b>(24,120)</b>		<b>(10,604)</b>
<b>(153,744)</b>	<b>Total</b>	<b>(141,883)</b>

The Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at year end are as follows:

<b>31 March 2019 £000</b>		<b>31 March 2020 £000</b>
	<b>Revenue Grants Receipts in Advance:</b>	
(282)	Department for Business, Energy & Industrial Strategy	(32)
(474)	Department for Transport	(263)
(792)	Department of Housing, Communities and Local Government	(403)
(75)	Department for Education and Skills Funding Agency	(357)
(100)	Local Government Association (LGA)	(43)
(233)	None Departmental Government Bodies	(441)
(1,054)	Department of Health and Social Care	(548)
<b>(3,010)</b>	<b>Total</b>	<b>(2,087)</b>
	<b>Capital Grants Receipts in Advance:</b>	
(10,078)	Department for Transport	(14,525)
(5,591)	Department for Communities and Local Government	0
<b>(15,669)</b>	<b>Total</b>	<b>(14,525)</b>

## 69. Group Related Party Transactions

The Group is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Group or to be controlled or influenced by the Group. Disclosure of these transactions allows readers to assess the extent to which the Group might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Group.

SYLTE has no material related party transactions other than those with the Authority.

Nor does the Financial Interventions Holding Company.

Accordingly, as far the Group is concerned, transactions with related parties outside of the Group are already fully disclosed in Note 39.

## 70. Group Leases

### Group as Lessee

#### Finance Leases

The Group has not classified any leases as Finance Leases.

## Operating Leases

The future minimum lease payments due under non-cancellable leases in future years are:

2018/19 £000		2019/20 £000
17	Not later than one year	17
0	Later than one year and not later than five years	0
0	Later than five years	0
<b>17</b>	<b>Total</b>	<b>17</b>

## Group as Lessor

### Finance Leases

The Group has not classified any leases as Finance Leases.

### Operating Leases

The future minimum lease payments due under non-cancellable leases in future years are:

2018/19 £000		2019/20 £000
598	Not later than one year	572
1,492	Later than one year and not later than five years	1,293
1,470	Later than five years	1,398
<b>3,560</b>	<b>Total</b>	<b>3,263</b>

SYLTE has 30 property leases for the provision of transport infrastructure to support customer experience such as shops and bus depots.

### Contingent Rents

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

There are no contingent rents payable where SYLTE is the lessee.

## 71. Group Private Finance Initiative (PFI)

The Group has one PFI scheme.

This is SYLTE's PFI contract for the construction of a new bus station at Doncaster Interchange signed on 3 December 2003 with Teesland Property Company (Northern) Limited. The new bus station became operational in June 2007. The contract runs until June 2039 and incorporates the future maintenance and upkeep of both the building and the fixtures and fittings. The net book value of the Interchange as at 31 March 2020 is £11.7m (£12.1m at 31 March 2019).



Under the PFI agreement, SYPTE is contracted to pay an annual sum to the operator, known as a unitary charge. In 2019/20 unitary charge payments of £2.5m (£2.5m in 2018/19) were paid to the PFI provider by SYPTE. Unitary charge payments over the whole life of the contract will total £94.5m of which SYPTE will contribute £24.2m and the remainder will be recovered in the form of PFI credits. The actual level of payments will depend on inflation rates and the satisfactory contract performance by the operator.

The Authority receives fixed PFI grant of £3.9m p.a to meet the cost of the unitary charge over the lifetime of the PFI scheme. Timing differences between the amount of PFI grant received and unitary charge payment is held in a PFI Earmarked Reserve in the Authority's balance sheet to meet future liabilities as explained in Note 30.

Further details of the scheme are shown in the table below:

<b>2019/20</b>						
	<b>Repayment of Liability</b>	<b>Interest Charge</b>	<b>Contingent / Rental</b>	<b>Service Charge</b>	<b>Lifecycle Costs</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Within 1 year	246	962	117	1,120	126	2,571
Within 2 -5 years	1,220	3,614	739	4,707	529	10,809
Within 6 - 10 years	2,228	3,814	1,575	6,433	724	14,774
Within 11 - 15 years	3,387	2,656	2,367	7,102	799	16,311
Within 16 - 20 years	3,938	896	2,520	6,211	699	14,264
Within 21 – 25 years	0	0	0	0	0	0
<b>Total</b>	<b>11,019</b>	<b>11,942</b>	<b>7,318</b>	<b>25,573</b>	<b>2,877</b>	<b>58,729</b>

<b>2018/19 – Comparative Information</b>						
	<b>Repayment of Liability</b>	<b>Interest Charge</b>	<b>Contingent/ Rental</b>	<b>Service Charge</b>	<b>Lifecycle Costs</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Within 1 year</b>	227	982	83	1,091	123	2,506
<b>Within 2 -5 years</b>	1,122	3,712	596	4,586	516	10,532
<b>Within 6 - 10 years</b>	2,049	3,993	1,379	6,267	705	14,393
<b>Within 11 - 15 years</b>	3,115	2,928	2,151	6,920	778	15,892
<b>Within 16 - 20 years</b>	4,734	1,309	3,004	7,640	859	17,546
<b>Within 21 – 25 years</b>	0	0	0	0	0	0
<b>Total</b>	<b>11,247</b>	<b>12,924</b>	<b>7,213</b>	<b>26,504</b>	<b>2,981</b>	<b>60,869</b>

<b>2019 Doncaster Interchange PFI Assets £'000</b>		<b>2020 Doncaster Interchange PFI Assets £'000</b>	
11,830	Net book value: As at 1 April	12,080	
250	Revaluations	(340)	
0	Depreciation	0	
<b>12,080</b>	<b>As at 31 March</b>	<b>11,740</b>	

<b>2019</b>		<b>2020</b>
<b>Doncaster</b>		<b>Doncaster</b>
<b>Interchange</b>		<b>Interchange</b>
<b>PFI</b>		<b>PFI</b>
<b>Liability</b>		<b>Liability</b>
<b>Restated</b>		<b>Restated</b>
<b>£'000</b>		<b>£'000</b>
11,453	As at 1 April	11,245
(1,266)	Lease repayments	(1,295)
1,000	Interest Charge	982
58	Contingent rentals	87
<b>11,245</b>	<b>As at 31 March</b>	<b>11,019</b>

## 72. Group Post-Employment Benefits

### Local Government Pension Scheme

As part of the Terms and Conditions of Employment of its employees, both the Authority and SYPTE offer post-employment benefits in the form of a Pension Scheme under the Local Government Pension Regulations 1995 and administered by the South Yorkshire Pensions Authority. This provides members with defined benefits related to pay and service. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

SYPTE also continues to be responsible for payments to the Fund in respect of service for all staff employed by SYPTE, including all employees transferred to South Yorkshire Transport Limited and those transferred to First South Yorkshire Limited (formerly Mainline Group Limited), under the provisions of the Transport Act 1985. For service from 26 October 1986, SYPTE makes employer contributions to the Fund in respect only of its own employees who are also members of the Scheme.

<b>Comprehensive Income and Expenditure Statement</b>				
			<b>2018/19</b>	<b>2019/20</b>
			<b>£'000</b>	<b>£'000</b>
Current Service Cost			1,457	2,613
Financing Investment Income and Expenditure			1,703	2,195
Remeasurement in other Comprehensive Income and Expenditure			3,589	(6,553)
<b>Total Post-Employment Benefits Charged to the Comprehensive</b>				
<b>Income and Expenditure Statement</b>			<b>6,749</b>	<b>(1,745)</b>

<b>Movement in Reserves Statement</b>				
			<b>2018/19</b>	<b>2019/20</b>
			<b>£'000</b>	<b>£'000</b>
Reversal of Net Charges Made to the (Surplus)/Deficit for the				
Provision of Services for Post-Employment Benefits in Accordance				

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with the Code			(3,160)	(4,808)
Actual Amount Charged Against the Operational Revenue Reserve				
Balance for Pensions in the Year:				
Employer's Contributions Payable to Scheme			1,583	2,032
Transfer of Year Pension Deficit Contribution			1,329	1,358

<b>Assets &amp; Liabilities in Relation to Post-Employment Benefits</b>				
Reconciliation of Present Value of the Scheme Liabilities:				
			<b>2018/19</b>	<b>2019/20</b>
			<b>£'000</b>	<b>£'000</b>
Opening Balance at 1 April			(152,539)	(159,536)
Business Combinations			-	(5,015)
Current Service Cost			(1,457)	(2,613)
Interest Cost			(3,883)	(3,892)
Contributions by Scheme Participants			(338)	(583)
Re-measurements			(7,357)	15,772
Past Service cost (gain)			(768)	(1,141)
Benefits Paid			6,806	5,920
<b>Closing Balance at 31 March</b>			<b>(159,536)</b>	<b>(151,088)</b>

<b>Reconciliation of Fair Value of the Scheme (Plan) Assets:</b>				
			<b>2018/19</b>	<b>2019/20</b>
			<b>£'000</b>	<b>£'000</b>
Opening Balance at 1 April			116,609	<b>118,440</b>
Business Combinations			-	3,072
Interest on Plan Assets			2,968	2,880
Re-measurements			3,768	(9,219)
Administration Expenses			(20)	(42)
Contributions by Employer			1,583	2,032
Contributions by Scheme (plan) Participants			338	583
Benefits Paid			(6,806)	(5,920)
<b>Closing Balance at 31 March</b>			<b>118,440</b>	<b>111,826</b>

<b>Pension Scheme Assets Comprised:</b>				
			<b>2018/19</b>	<b>2019/20</b>
			<b>£'000</b>	<b>£'000</b>
<b>Equities</b>			60,227	57,892
<b>Bonds</b>				
Government Bonds			18,584	15,040
Other Bonds			8,800	8,164
<b>Property</b>			11,453	10,020
<b>Other</b>			19,376	20,710

The Actuaries have taken account of the changes in the Local Government Pension Scheme regulations in assuming that 50% of scheme members will take up the option for increased lump sum payments.

<b>Scheme History</b>						
					<b>2018/19</b>	<b>2019/20</b>
					<b>£'000</b>	<b>£'000</b>
Present Values of Liabilities					(159,536)	(151,088)
Fair Value of Scheme Assets					118,440	111,826
<b>Surplus/(Deficit) in the Scheme</b>					<b>(41,096)</b>	<b>(39,262)</b>

<b>Basis for Estimating Assets and Liabilities</b>						
The pension fund liabilities have been assessed by the actuaries, Mercer Ltd and the main assumptions used in their calculations are as follows:						
					<b>2018/19</b>	<b>2019/20</b>
<b>Mortality Assumptions</b>						
Longevity at Age 65 for Current Pensioners:						
Men					23.1 years	22.4 years
Women					25.9 years	25.2 years
Longevity at Age 65 for Future Pensioners:						
Men					25.3 years	23.9 years
Women					28.3 years	27.0 years

<b>Financial Assumptions</b>						
Rate of CPI Inflation					2.2%	2.1%
Rate of increase in Salaries					3.5%	3.4%
Rate of increase in Pensions					2.3%	2.2%
Discount Rate					2.4%	2.3%

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. A sensitivity analysis is shown in the table below:

	Central	Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4	Sensitivity 5	
		+ 0.1% pa discount	+ 0.1% pa inflation	+ 0.1% pa pay growth	1 year increase in life expectancy	1 year increase in 2019/20 investment returns	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Disclosure item</b>						<b>+1%</b>	<b>-1%</b>
Liabilities	151,088	148,881	153,330	151,288	155,258	151,088	151,088
Assets	(111,826)	(111,826)	(111,826)	(111,826)	(111,826)	(111,928)	(110,724)
Deficit/(Surplus)	39,262	37,055	41,504	39,462	43,432	38,160	40,364
Projected Service Cost for next year	2,522	2,446	2,600	2,522	2,599	2,522	2,522
Projected Net interest Cost for next year	919	903	983	934	1,029	893	946

### History of Experience Gains and Losses

The actuarial gains identified as movements on the Pension Reserves can be analysed into the following categories, measured as a percentage of assets or liabilities:

				31 March 2019 %	31 March 2020 %
Differences Between the Expected and Actual Return on Assets				3.2	2.7
Experience Gains and Losses on Liabilities				4.6	5.4

### Impact on Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. The most recent triennial valuation was completed on 31 March 2019 and sets the contribution rates in respect of the three-year period 2020/21 to 2022/23.

The Group expects to pay contributions of £1,218k to the scheme in 2020/21. The weighted average duration of the defined benefit obligation for scheme members during 2019/20 was 28 years for the Authority and 14 years for SYPTTE

## 73. Prior Period Adjustments-Group

There are no Prior Period Adjustments affecting the Group in 2019/20

**Glossary**

<b>Term</b>	<b>Definition</b>
<b>Abbreviations</b>	The symbol 'k' following a figure represents £thousand. The symbol 'm' following a figure represents £million. The symbol 'bn' following a figure represents £billion.
<b>Accounting Period</b>	The period of time covered by the Mayoral Combined Authority's accounts. Normally 12 months, beginning on 1 April. Also known as the Financial Year.
<b>Accounting Policies</b>	These are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.
<b>Accruals Concept</b>	Income and Expenditure are recognised as they are earned or incurred, not as money is received or paid.
<b>Added Years</b>	A discretionary award increasing the value of pensions for retiring employees aged 50 or over subject to specific conditions. Employers must exercise this discretion in accordance with the national regulations and organisation's own policies.
<b>Amortisation</b>	An accounting technique of recognising a cost or item of income in the Comprehensive Income and Expenditure Statement over a period of years rather than when the initial payment is made. Its purpose is to charge / credit the cost / income over the accounting periods that gain benefit for the respective item.
<b>Capital Expenditure</b>	Expenditure that is incurred to acquire, create or add value to a non-current asset.
<b>Capital Financing Requirement</b>	It measures the Mayoral Combined Authority's underlying need to borrow or finance by other long-term liabilities for a capital purpose.  It represents the amount of capital expenditure that has not yet been resourced absolutely, whether at the point of spend

	or over the longer term. Alternatively, it means capital expenditure incurred but not yet paid for.
<b>Capital Receipts</b>	The proceeds from the sale of capital assets which, subject to various limitations, can be used to finance capital expenditure, invested, or to repay outstanding debt on assets originally financed through borrowing.
<b>Cash</b>	Comprises cash on hand and demand deposits.
<b>Cash Equivalents</b>	These are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
<b>Consistency Concept</b>	The consistency concept requires that there should be a consistent method of accounting treatment of like items within each accounting period and from one period to the next.
<b>Contingency</b>	A condition which exists at the Balance Sheet date, where the outcome will be confirmed only on the occurrence of one or more uncertain future events not wholly within the Mayoral Combined Authority's control.
<b>Credit Risk</b>	The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss to the other party.
<b>Creditors</b>	Amounts owed by the Mayoral Combined Authority for work done, goods received or services rendered, for which no payment has been made at the date of the Balance Sheet.
<b>Debtors</b>	Amounts owed to the Mayoral Combined Authority for work done, goods received or services rendered, for which no payment has been received at the date of the Balance Sheet.
<b>Defined Benefit Scheme</b>	A pension or other retirement benefit scheme, other than a Defined Contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the

	investments of the scheme. The scheme may be funded or unfunded (including notionally funded).
<b>Defined Contribution Scheme</b>	A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.
<b>Depreciation</b>	The measure of the wearing out, consumption or other reduction in a non-current asset either as a result of its use, ageing or obsolescence.
<b>Fair Value</b>	Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
<b>Finance Lease</b>	A lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. The payments usually cover the full cost of the asset together with a return for the cost of finance.
<b>Financial Instrument</b>	A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term “financial instrument” covers both financial assets and financial liabilities and includes both straightforward financial assets and liabilities such as trade receivables (debtors) and trade payables (creditors) and complex ones such as derivatives.
<b>General Fund</b>	The total services of the Mayoral Combined Authority.
<b>Goodwill</b>	The difference between the aggregate fair value of the net assets of a business and the value of the business as a whole. Goodwill can be internally developed or purchased.
<b>Impairment</b>	<p>A reduction in the value of a non-current asset below its carrying amount on the Balance Sheet.</p> <p>Examples of factors which may cause such a reduction in value include general price decreases, a significant decline</p>



	in a fixed asset's market value and evidence of obsolescence or physical damage to the asset.
<b>Intangible Assets</b>	Non-financial assets that do not have physical substance but are identified and are controlled by the entity through custody or legal rights. The two broad types of intangible non-current assets applicable to local authorities are goodwill and other intangible assets. Examples of other intangible assets might be patents or software licences.
<b>International Financial Reporting Standards (IFRS)</b>	Accounting standards developed by the International Accounting Standards Board which determine the standards to be adopted in the preparation and presentation of the Mayoral Combined Authority's accounting records.
<b>Inventories</b>	<p>Inventories are assets:</p> <ul style="list-style-type: none"> <li>• in the form of materials or supplies to be consumed in the production process or consumed or distributed in the rendering of services</li> <li>• held for sale or distribution in the ordinary course of operations</li> <li>• in the process of production for sale or distribution</li> </ul>
<b>Investment Property</b>	Property held solely to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administration purposes or sale in the ordinary course of operations.
<b>Materiality</b>	Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.
<b>Minimum Revenue Provision (MRP)</b>	The minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.
<b>Net Book Value</b>	The amount at which non-current assets are included on the Balance Sheet, i.e. their historical cost or current value less the cumulative amount provided for depreciation.

<b>Net Current Replacement Cost</b>	The cost of replacing or recreating the particular asset in its existing condition and in its existing use i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current position of the existing asset.
<b>Net Realisable Value</b>	The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses incurred in realising the asset.
<b>Operating Lease</b>	A lease other than a Finance Lease. An agreement in which the Mayoral Combined Authority derives the use of an asset in exchange for rental payments, though the risks and rewards of ownership of the asset are not substantially transferred to the Mayoral Combined Authority.
<b>Private Finance Initiative (PFI)</b>	A contract in which the private sector is responsible for supplying services that are linked to the provision of a major asset. Payments are made for the provision of service, which is linked to availability, performance and levels of usage.
<b>Property, Plant and Equipment</b>	Tangible assets that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one period.
<b>Provisions</b>	Amounts charged to revenue during the year for costs with uncertain timing, though a reliable estimate of the cost involved can be made.
<b>Prudence Concept</b>	Requires that revenue is not anticipated until realisation can be assessed. Provision is made for all known liabilities whether the amount is certain or can only be estimated in light of the information available.
<b>Public Works Loan Board (PWLB)</b>	A government agency, which provides loans to authorities at favourable rates.
<b>Related Party</b>	The definition of a related party is dependent upon the situation, though key indicators of related parties are if: <ul style="list-style-type: none"> <li>• One party has direct or indirect control of the other party</li> </ul>

	<ul style="list-style-type: none"> <li>• One party has influence over the financial and operating policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests.</li> </ul>
<b>Remuneration</b>	All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.
<b>Reserves</b>	Result from events that have allowed monies to be set aside, surpluses, decisions causing anticipated expenditure to have been postponed or cancelled, or by capital accounting arrangements.
<b>Revenue Expenditure</b>	Expenditure incurred on the day-to-day running of the Mayoral Combined Authority, for example, staffing costs, supplies and transport.
<b>Specific Government Grants</b>	These are designed to aid particular services and may be revenue or capital in nature. They typically have specified conditions attached to them such that they may only be used to fund expenditure which is incurred in pursuit of defined objectives.
<b>Termination Benefits</b>	These are benefits payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.
<b>Unsupported (Prudential) Borrowing</b>	Borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.

## **Independent Auditor's Report**

To be included in the final audited Statement of Accounts once the audit has been concluded and the auditors have given their opinion